

Clinton Makes Confident Pitch To Senate for a Bigger NATO

But, in a Surprise Move, Legislators Postpone Vote To Approve Enlargement

WASHINGTON — President Bill Clinton made a renewed pitch Friday for the Senate to approve NATO's expansion next year into Central Europe.

"The admission of Poland, Hungary and the Czech Republic will be a very important milestone in building the kind of world we want for the 21st century," Mr. Clinton said in an East Room ceremony attended by top national security aides, military leaders and key senators.

"We can bring Europe together not by force of arms but by possibilities of peace," Mr. Clinton said.

"That is the promise of this moment, and we must seize it."

But the Senate, which had been expected to approve the NATO expansion in a vote next week, abruptly postponed consideration of the plan barely an hour after Mr. Clinton spoke.

The Senate majority leader, Trent Lott of Mississippi, attributed the postponement partly to what he called delaying and blocking tactics by Mr. Clinton and Senate Democrats on other, unrelated pieces of legislation.

Furthermore, Mr. Lott said, a growing number of senators had urged him to put off action until after the Senate returned from its spring recess.

"This is a major foreign policy initiative, and I don't want to ram it through the Senate," Mr. Lott said after the surprise postponement.

In his earlier remarks, Mr. Clinton had said that "a final decision is at hand." He said the Senate vote would be a historic affirmation of the United States' commitment to Europe.

Some senators had been urging that the legislation include a provision that would stop, at least temporarily, additional new members after Poland, Hungary and the Czech Republic are admitted.

Mr. Clinton said this would be a mistake and contrary to the alliance's values.

See NATO, Page 5

French Politics Jolted by Deals With Far Right

By Charles Trueheart
Washington Post Service

PARIS — The French political landscape was jolted by extraordinary deals Friday as right-wing members of center-right parties red electoral losses in regional elections by forming major coalitions with the far-right National Front.

The budding movement to gather the extreme right under the mainstream umbrella of a "center-right" represents a major step in making a legitimate force in French politics. It is now at a minor but symbolic level of new power — "a party of government," in the words of Bruno Megret, the deputy leader.

Prime Minister Lionel Jospin, a Socialist, said that "combinations" between the center-right parties and the National Front would be a danger to our democratic life, a blow to the image of France in Europe and in the world.

The March 15 elections left France's governing Socialists as the leading party in most of France's 22 mainland regions. But the brokering to elect presidents of the regions turned into a free-for-all Friday, as some center-right legislators broke with their leadership and won power by subscribing to a "minimum program" of policies dictated by the National Front.

The National Front played "kingmaker" in at least six of the assemblies, where five of the six elected presidents were suspended from their political group, the Union for French Democracy, Agence France-Press reported.

The five included a former defense minister, Charles Millon.

The National Front's attacks on immigration policy, which it links to crime and unemployment, and its leaders' open xenophobia and anti-Semitism have made it anathema to France's mainstream parties and much of the French public.

Party leaders on the right described the deal-

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Europe Joins America in Golden Rush To the Market

By Tom Buerkle
International Herald Tribune

LONDON — Whether it's New York or London, Frankfurt or Madrid, stock markets seem to go in only one direction these days.

Stock prices rose to record levels in most of those markets and across much of Europe on Friday. It was the latest installment in a dizzying bull run that has set records almost daily over the last two to four months, boosting prices by more than 11 percent in New York, about 20 percent in France and Germany and more than 30 percent in Spain and Italy.

And although many analysts believe a correction is likely and indeed welcome in the short term, the factors driving the markets look set to remain mostly positive for months to come.

Inflation and interest rates are hovering at or near postwar lows on both sides of the Atlantic, while economic growth in Europe is accelerating toward American levels. Corporate restructuring and cost-cutting is fueling the growth of company profits, more than offsetting the negative impact of the Asian economic crisis.

In Europe, the sale of private pension plans is booming, replicating the surge of mutual-fund investment from individuals that began driving Wall Street in the 1980s. And the approach of the single-currency is spurring cross-border investment and forcing companies to become more competitive and profitable.

"The story is all the same," said John Ross, a portfolio strategist at Fidelity Investments in London. "There is a much higher awareness of equity investment. The equity culture is increasing."

Peter Chambers, an equity strategist at HSBC James Capel in London, said, "If you have an environment where growth is reasonably robust, inflation is pretty slow, then you have a pretty good market outlook."

In that regard, analysts say, Asia's woes have been a boon to Western markets by helping to contain inflationary pressures, keep interest rates down and give a new lease on life to the six-year-old U.S. economic recovery.

The continued strong U.S. economic outlook



A Frankfurt trader pointing the way as the key index broke the 5,000-point barrier Friday.

has sustained Wall Street despite recent warnings from some technology companies that the Asian downturn would hit their profits.

Abby Joseph Cohen, co-chairman of investment policy at Goldman, Sachs & Co. in New York, says years of corporate restructuring, technology investment and the virtual elimination of the government's budget deficit had created "super-tanker America," an economy capable of growing smoothly despite the choppy waters of the global economy.

"Noteworthy structural improvements in the economy have developed gradually over many

See SHARES, Page 12

The Dollar

	Friday 4 P.M.	previous close
DM	1.8313	1.8323
Pound	1.669	1.6695
Yen	130.45	130.57
FF	6.136	6.141

The Dow

	Friday close	previous close
Dow	8908.43	8903.05

S&P 500

	Friday 4 P.M.	previous close
S&P 500	1099.18	1099.74

Computers Take Wildness Out of Wildcatting

By Allen R. Myerson
New York Times Service

HOUSTON — Designed for the world's hungriest, damn-the-expense devourers of data, the Auspex NS7000 computer server, costing more than \$1 million, can store the equivalent of a million 400-page novels for instant access.

The first one in this area went to NASA in 1995 for guiding space shuttles into the heavens. The next year, another was installed, at the

Zilkha Energy Co., for exploring under the Gulf of Mexico, miles into the earth's crust.

For Zilkha, such bets have paid off, proving that technology is taking the wildness out of wildcatting, the practice of exploring for energy in unlikely places.

Its success in finding oil and natural gas on the gulf's continental shelf, which was thought to be essentially played out, was certified beyond a doubt in January. Zilkha, just 12 years old, was sold to the energy company Sonat Inc. for \$1 billion.

Not bad for a company with just 65 employees, most of them on a single floor of a building in central Houston.

The casual, college-dorm camaraderie, the open setting with no private offices and the huge monitors on most desks are more typical of a software start-up.

It's a petroleum company, all right, but without roughnecks, rigs or corporate bureaucrats. It is, in other words, a virtual energy company.

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Castro Hails U.S. Easing Of Sanctions As 'Helpful'

Clinton Move Would Allow Travel to Cuba and Open Way for Humanitarian Aid

Compiled by Our Staff From Dispatches

HAVANA — President Fidel Castro on Friday described moves by the Clinton administration to ease U.S. sanctions on Cuba as "helpful and conducive to a better climate."

"They seem positive to us," Mr. Castro said of the plans to soften restrictions on aid and travel to Cuba and on money sent to relatives by Cuban-Americans.

But the Cuban president added in remarks to CNN that he would need to see more details of the U.S. announcement before making a fuller analysis.

President Bill Clinton on Friday slightly relaxed the U.S. attempt to isolate Cuba, announcing measures he said would support humanitarian needs of the Cuban people and prepare them for democracy.

Mr. Clinton said he would permit a resumption of direct humanitarian charter flights to Cuba, allow people in the United States to send money to relatives in Cuba and expedite procedures for sales of medicine and medical supplies.

He also said he would ask Secretary of State Madeleine Albright to work with Congress to find ways to "transfer" food to Cuba.

Mr. Clinton said the measures were designed to build on the impact of Pope John Paul II's visit to Cuba in January, which he said inspired Cubans and bolstered fledgling efforts to develop "civil society."

While stressing that Mr. Clinton would maintain the economic embargo on Cuba, senior U.S. officials said the president wanted to respond to the Pope's visit to Cuba, during which the pontiff invited help for the church to carry out humanitarian and religious activities that do not benefit the Communist government.

The easing of sanctions does not convey any approval of Mr. Castro, a senior U.S. official said, but is based on the conclusion that the Pope's visit "created space for people to act in opposition to Castro."

In contrast to Mr. Castro, the Cuban foreign minister, Roberto Robaina, was more negative about the U.S. moves, describing them as "crumbs" and part of a political maneuver.

"I think this is a cosmetic operation," Mr. Robaina said in Geneva after an appearance before the United Nations Human Rights Commission. "It does not go to the heart of the problem. There is much more that they have to do."

"For the Cuban people, the blockade has to be lifted, and not just eased," Mr. Robaina said. He added, "When humanitarian help appears with conditions, with blackmail, it is a political maneuver which we are not prepared to accept."

In Geneva, the United Nations released a report Friday saying that the Cuban government continues to violate human rights by persecuting dissidents and banning free speech, despite hopes of greater tolerance prompted by the recent papal visit.

But the report also placed blame on the United

See CUBA, Page 5

AGENDA

'96 Fire in Channel Tunnel Reported to Be Ruled Arson

LILLE, France (AFP) — Experts investigating the fire that severely damaged part of the Channel Tunnel in November 1996 have concluded that it was arson, sources said Friday.

In a report to the prosecutors' office of the northern city of Boulogne-sur-Mer, a group of experts said that the fire that nearly killed some 30 truck drivers and the train crew was "of intentional origin," according to the sources.

The blaze started on a truck aboard a railroad shuttle car shortly before it entered the tunnel from the French side and blocked the tunnel, filling it with noxious fumes.

Passengers in the club car at the front of the train had to be evacuated by French and British fire crews.

Five train cars and 15 trucks were either destroyed or heavily damaged.

There was no indication how the investigators concluded that the fire was arson.

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TUBE NEWS — John Prescott announcing plans to better London's Underground. Page 2.

Jakarta Appears to Drop Plan to Prop Up Currency

By Seth Mydans
New York Times Service

JAKARTA — Indonesia's Finance Minister acknowledged Friday that a plan favored by President Suharto to peg the currency to the U.S. dollar was not realistic.

His statement appeared to remove one of the chief obstacles in discussions with the International Monetary Fund over disagreements that have stalled the release of \$40 billion in economic assistance.

"There aren't enough dollars available compared to the rupiah in circulation, so the peg isn't really workable," said the finance minister, Fund Bawazir, echoing the analysis of most foreign economists.

[The peg plan wasn't even on the table, as talks with the Fund in Jakarta entered a second day, Hubert Neiss, the IMF's director for Asia and the Pacific, told Bloomberg News. The two sides were negotiating the release of a \$3 billion installment from the \$40 billion

loan that the IMF agreed to in January.]

At the same time, the government moved Friday to curb currency speculation by imposing a 5 percent tax on the purchase of foreign currency by individuals and companies.

Financial analysts said that making it more expensive to sell rupiah for dollars might deter speculators, but that it also would make foreign investors think twice before entering the Indonesian economy.

As Indonesia's economy has soured, with inflation rising and banks and businesses nearly paralyzed, Indonesian leaders have fixed their attention on the weakened currency, which has fallen by more than 70 percent since last summer.

For weeks, Indonesia has delayed the full implementation of economic reforms demanded by the Fund. Instead, it has flirted with the idea of establishing what is known as a currency board to

See INDONESIA, Page 15

Hungary Sadly Reflects on the Continuing Drain of Its Big Brains

By Jane Perlez
New York Times Service

BUDAPEST — He was a man of brilliant and diverse intellectual energy who discovered the nuclear chain reaction, went on to help develop the atom bomb and then tirelessly campaigned against it.

He soaked in the bath three hours a day, thinking up incredible inventions, needed his scientific colleagues with pockmarked faces, and was so lazy that he refused to flush his toilet in his room at the University of Chicago in the 1940s, insisting that was "maid's work."

So, it was with ambivalent pride and a sense of lost glory that Hungary celebrated the centenary of Leo Szilard, who died in 1964. Mr. Szilard was

perhaps the most quixotic of the renowned physicists and mathematicians who were born and educated in Hungary but who fled, often, like Mr. Szilard, under the shadow of anti-Semitism, to the United States.

Hungarian scientists have had a deep impact on the 20th century. John von Neumann made fundamental contributions to quantum theory as well as the development of the atomic bomb and the high-speed electronic computer. Albert von Szent-Gyorgyi was credited with first isolating Vitamin C.

For a country of its population (10 million), Hungary has produced an inordinate number of Nobel Prize winners. Hungarians who became American citizens, including Mr. Szilard, Eugene Wigner and Edward Teller, played a major part in the Manhattan Project in World War II.

But few in this pantheon of Martians, a nickname spun from the scientists' superhuman intelligence and their unearthly Hungarian language, so keenly felt that the pursuit of science also carried political and personal responsibilities.

"The Hungarians have plenty of first-rate scientists and Nobel Laureates to celebrate," said Mr. Szilard's American biographer, William Lanouette, who was among those at the ceremonies in February. "Yet, Szilard alone personifies the moral and ethical responsibilities of science. He had the drive to foresee the social and political consequences of discovery."

Mr. Lanouette records in his book "Genius in the Shadows" how Mr. Szilard, at the start of the war, drafted the letter signed by Albert Einstein that urged President Franklin Roosevelt to speed up

work on the nuclear bomb before the Germans developed it; after the war, he spent much of his time trying to ease the arms race that he helped create.

With a combination of banter and logic, Mr. Szilard persuaded Nikita Khrushchev, the Soviet leader, that a hot line between the Kremlin and the White House was a good idea. During the Eisenhower and Kennedy years, he flooded the State Department with nuclear disarmament programs that were mostly rebuffed.

Sometimes his eccentricity produced breathtaking flights of fancy. He came up with the idea of electrifying barbers' chairs so that a man's hair would stand on end, allowing the barber to do a fast mowing job.

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Iraq, on Good Behavior, Puts Onus on UN Team

By Barton Gellman
Washington Post Service

WASHINGTON — Nearly a month after Iraq made fresh promises of access for United Nations weapons inspectors, the Baghdad government by all accounts is living up to its word for now. The results, said American and British officials at the core of the special UN panel's support, are decidedly a mixed blessing for the inspectors.

In recent days, the UN Special Commission, or Unsc, conducted nine of the most sensitive surprise inspections in its seven-year history — and came up largely empty, according to accounts emerging from the Clinton administration and British government.

That is neither surprising nor alarming to those who focus on the technical side

of the cat-and-mouse game with Iraqi weapons scientists, but the absence of fresh evidence has not helped Unsc bolster its declining support in the Security Council and UN Secretariat.

Iraq's previous refusal to give inspectors entry to various "sensitive" and presidential sites — and its boycott of Scott Ritter, a U.S. inspector on the UN team often described in Iraqi propaganda as an American spy — touched off a crisis in January that led to the brink of military conflict. But Iraq backed off both positions in a Feb. 23 agreement with the UN secretary-general, Kofi Annan.

Diplomats in New York and Washington now say Iraq is on good behavior in hopes of killing the linked program of inspections and economic sanctions when it comes up for review in October.

To test Iraqi compliance, Mr. Ritter led an inspection team on March 8 into the new headquarters of the Iraqi Defense Ministry — an event that Deputy Prime Minister Tariq Aziz once said would be "an act of war." Not only was it the first time the facility had been inspected, but Mr. Ritter even surveyed Mr. Aziz's own office there, according to Clinton administration officials.

Mr. Ritter's team, which includes scientists and computer analysts who specialize in uncovering Iraqi concealment methods, made similar forays into offices of the Special Republican Guard and Special Security Organization, both run by President Saddam Hussein's younger son, Qusay. The executive chairman of Unsc, Richard Butler, said this week that before the Annan agreement the inspectors had been refused entry to more than one of the sites.

Mr. Butler portrayed Mr. Ritter's three-day mission as a precedent-setting expansion of the special panel's writ. The scope of inspections will broaden again from March 24 to April 6, when a special group of experts makes its first entrance to eight presidential sites covering 32 square kilometers (12 square miles) and 1,058 buildings. Diplomats will accompany inspectors on those visits.

In the past we've been blocked," Mr. Butler said in a televised interview. "We were not. We met with a degree of cooperation that I think justifies figuring that maybe there is now a new spirit out there."

But the politics of the matter are otherwise. Unsc says it has not come close to ridding Iraq of its nonconventional weapons, but previous Unsc members in the Security Council and the Arab world are tired of supporting the inspections after seven inconclusive years.

Iraq has stonewalled, for example, on the details of its anthrax, botulinum and aflatoxin weapons, subjects that Unsc's last report called "unredeemed by progress."

In the face of pressures from Russia, France, China and the Arab League to wind down the inspections, aides to the UN secretary-general predicted trouble for Unsc and the Clinton administration if the inspectors fail to turn up a smoking gun soon.

Kohl and Blair: Entente on Euro

The Associated Press

BONN — Chancellor Helmut Kohl of Germany and Prime Minister Tony Blair of Britain stressed their commitment Friday to safely inaugurating Europe's common currency, but they said the question of who should head the new European central bank remained open.

The leaders met for regular German-British talks on European affairs and hot spots such as Kosovo.

"We are committed to the same objectives and the same goals," said Mr. Blair, whose country holds the European Union's rotating presidency. He said that Britain, which will not join the currency for now, would play "a fully constructive part in launching the euro."

Mr. Kohl said that the two men discussed the European central bank. But he and Mr. Blair refused to go into details. "We will find a solution," Mr. Kohl said at a news conference with Mr. Blair.

Germany and most other EU nations favor the former Dutch central banker Wim Duisenberg as head of the Frankfurt-based European Central Bank, which is supposed to supervise the euro. France wants its own central bank governor, Jean-François Trichet, for the top job.

Mr. Kohl and Mr. Blair also stressed the importance of bringing in new EU members, which will enter talks March 31.

Later, Mr. Blair met with Mr. Kohl's challenger in the September federal elections, Gerhard Schröder, of the opposition Social Democrats, at the British ambassador's residence. They discussed ways to fight unemployment and whether British economic policies could serve as a model for Germany.

"We agreed that Europe must also become an institution that deals with improving the situation in the job market," Mr. Schröder said afterward.



Riot police removing an anti-nuclear demonstrator from the train tracks Friday at the northwest German town of Ahaus.

Protest Fails to Stop German Trainload Of Nuclear Waste

Compiled by Our Staff From Dispatches

BONN — Riot police cut free protesters chained to tracks and held back thousands of demonstrators trying to stop a train delivering nuclear waste to storage in northern Germany on Friday.

More than 30,000 police mounted one of Germany's biggest security operations since World War II to ensure that the six silver containers of spent fuel rods kept rolling from power stations in the south to the dump at Ahaus, north of Cologne.

Two casualties were reported: A border guard securing a track near the Bavarian city of Würzburg died overnight after being hit by a passenger train, and a police officer was slightly injured when a car broke through an autobahn checkpoint.

"It's just chaos," said Andre Obermeier, spokesman for an anti-nuclear group at Ahaus. He said the police had fired tear gas to disperse protesters and had brought up water cannon.

The police hauled away about 300 protesters sitting on a railroad line in Ahaus, but about 50 blocked the line. They used batons to break up a demonstration by about 100 ecologists in the center of the town, witnesses said.

About 400 protesters were detained around Ahaus. Witnesses saw four busloads of protesters being driven out of town. The size of the crowd was estimated at 6,000.

The police used riot shields to hold back demonstrators trying to get on the tracks at Ahaus, where the shipment was to arrive late Friday.

The police had set up a corridor 500 meters (1,640 feet) wide to keep demonstrators away from the containers on the final 12 kilometers (8 miles) of their journey.

The shipment of 60 tons of waste has fueled a political feud in an election year in Germany, which relies on nuclear power for nearly a third of its energy. Environment Minister Angela Merkel said moving nuclear waste was safe. She said cross-country rail shipments would be needed for years to come.

BRIEFLY

Kosovo Talks Likely

PRISTINA, Yugoslavia — Belgrade expects to start talks with the Kosovo Albanians by midweek despite rejecting their demands for international mediation, Information Minister Radmila Milenijevic said Friday.

Fehmi Agani, a senior adviser to the Democratic League of Kosovo, the main ethnic Albanian party, told a Belgrade television station that "the international community's insistence is such that the beginning of dialogue cannot be delayed for long." The party is under pressure from its Western allies to drop demands for Kosovo's independence from Serbia, and to concentrate on seeking autonomy for the southern province. (Reuters)

New Summit Venue

MOSCOW — President Boris Yeltsin's summit meeting with Chancellor Helmut Kohl of Germany and President Jacques Chirac of France, due to be held March 26 in the Urals city of Yekaterinburg, has been switched to Moscow, Inter-Tass reported Friday.

Mr. Yeltsin, 67, resumed work in the Kremlin on Friday after spending a week at a residence outside Moscow, recovering from a chest infection that had put the meeting in doubt. (AP)

For the Record

Strobe Talbott, deputy U.S. secretary of state, chided Europe on Friday for keeping Turkey out of the European Union, saying the West should help Ankara make "the right choices" by showing that Turkey's future lies "with us." (AP)

Prime Minister Poul Nyrup Rasmussen of Denmark will present his shuffled coalition cabinet Monday, government sources said Friday. (Reuters)

TRAVEL UPDATE

Channel Strike Ends

CALAIS, France (AP) — Ferry workers protesting the planned abolition of duty-free shopping within the European Union in 1999 lifted a blockade of roads to the Channel tunnel Friday after five hours.

The strikers also blocked the port, and ferries were either canceled or diverted. The workers are worried that the end of duty-free sales on the ferries will lead to job losses.

The strike caused chaos for people trying to take vehicles across the Channel. (AP)

The Greek island of Mykonos known for its noisy night life, has put a moratorium on new bars.

Fierce winds in Japan canceled domestic flights and knocked over pedestrians Friday. Winds of up to 100 kilometers an hour (62 miles) were recorded in Tokyo.

Correction

An article Thursday on the effect of culture on airline safety contained an incorrect reference to Air India. Airlines should have been listed as having had seven crashes in the last decade. Air India has had no fatal crashes in the last decade.

A 'Third Way' to Rescue London's Tube

By T.R. Reid
Washington Post Service

LONDON — It's the oldest underground railroad on the planet — and to be brutally frank, the London Underground often looks the part.

Whizzing, grumbling trains squeal to a stop at random points inside grimy tunnels and just stand there for a while, with no explanation offered to the passengers packed inside. Riders on the system's Northern Line — known to the tabloids here as the "Miser Line" — are routinely warned to roll up the windows because of "hazardous dust in the tunnel." In some stations, the walls still show the grungy yellow brickwork erected when the Underground opened for business in 1863.

For the privilege of boarding this rolling relic with an "average scheduled speed" of 20.5 miles an hour (33 kilometers), Londoners pay the equivalent of \$2.20 for a basic ticket, far more than the fare for more comfortable systems like those in Paris or Washington.

The Labour Party, with its close ties to the union employees of the system, has always opposed private ownership for the Underground, which carries about 2 million people a day. But Labour has also pledged to eliminate Britain's budget deficit over the next two years, and a huge expenditure on the Underground would almost surely shatter that promise.

And so Mr. Prescott said the government would try a different way — a "third way" — to finance the improvement plan.

Still vague on the details, the proposal calls for a public-private partnership, with a public entity running the trains but private companies given some interest in tracks, rolling stock, signals, and the like. The private companies would put up the billions needed for repairs, and then charge rent to the public transit authority.

One private company, Railtrack, which owns the track of Britain's national rail system, said it would consider taking part in the venture.

Such "third way," or partnership arrangements, are central to Mr. Blair's overall "New Labour" philosophy, which is an effort to meld Labour's traditional government-oriented principles with the profit-minded, entrepreneurial zeitgeist of end-of-the-century Britain.

Tube riders Friday welcomed the idea that something would be done to improve their commutes, but they feared that cutting deals with the private sector would lead to even higher fares on a system that is already the most costly in Europe.

"If the private companies are expected to put up the billions of pounds in advance, they're going to take their money back in the form of higher fares," said Sir Allan Greencross, head of a transit passengers' advocacy group.

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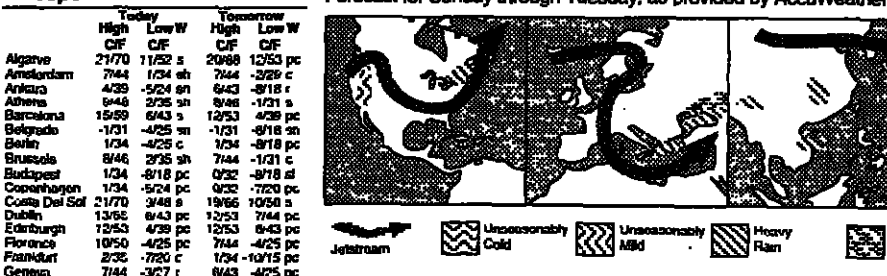
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WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



North America
Dry and cold from the central and northern Plains to the Midwest Sunday through Tuesday, but the West will be quite warm with some sunshine. Heavy rain and snow in the South. Heavy rain and snow in the South. Heavy rain and snow in the South.

Europe
Dry and cold Sunday in central and eastern Europe. Rain and snow in the West. Heavy rain and snow in the South. Heavy rain and snow in the South. Heavy rain and snow in the South.

Asia
Dry and cold Sunday in central and eastern Asia. Rain and snow in the West. Heavy rain and snow in the South. Heavy rain and snow in the South. Heavy rain and snow in the South.

Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, snow, sleet, hail, fog, mist, wind.

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PARIS AND SUBURBS

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The Rev. Calvin Dams of Augusta, Maine, will preach on "A World Sermon for Unitarian Universalists" at the March 22 service of the UNITARIAN UNIVERSALIST FELLOWSHIP OF PARIS. Pastor Wagner, 11a, St. Basille. Non-dogmatic religious education for children and youth. Meditation and spiritual growth groups. Social activities. Information: 01.30.82.75.33.

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CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Eucharist 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Platz 22, 60323 Frankfurt, Germany. Tel. 1, 2 3 Miquel-Alba Tel: 49-69 55 01 84.

GENEVA

EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist; 2nd & 4th Sun. Morning Prayer, 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel: 41-22 732 00 78.

MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seybothstrasse 4, 81545 Munich (Germany), Germany. Tel: 49-89 94 61 81.

ROME

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BRUSSELS/WATERLOO

ALL SAINTS CHURCH, 1st Sun. 9 & 11:15 Holy Eucharist. All other Sundays: 11:15 Holy Eucharist and Sunday School, 563, chausseée de Louvain, Orlain, Belgium. Mail: 01, rue Coteau, 1410 Waterloo. Tel: 32-2-34-3553.

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurtstrasse 3, Wiesbaden, Germany. Tel.: 49-611-308674.

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I.B.C., The Lutheran, Karlovska 64, Auditorium 104B, Worship Sun. 10:00. Tel: (07) 715357.

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I.B.C., Hohenthorst, Hermann-Böse-Str. 10, 28195 Bremen, Germany. Tel: 0421-76 648.

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I.B.C., St. Xenopou 2, 2. This is not to be confused with 1145 - 1315, Contact Pastor Bill Bowers, Tel: 032-3073 or 321-9472.

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I.B.C., meets at Morics Zsigmond Gimnazium, Tokolovszky ut 48-54, Sun. 10:00. Tel: 062-3632.

BULGARIA

I.B.C., World Trade Center, 36, Drahin Tzarankov Blvd. Worship 11:00. James Dams, Pastor. Tel: 971-2182.

DARMSTADT - GERMANY

I.B.C., Wilhelm-Leuschner Str. 104, Darmstadt-Griesheim, Bible Study Sun. 18:00. Tel: (0611) 941-0505.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP, Ev.-Friedrichs-Gemeinde, Sodenerstr. 11-18, 60310 Bad Homburg, Sunday Worship, Nursery & SE: 11:20 a.m. Mid-week ministries, Pastor M. Levey, Call/Fax: 06173-62228.
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St. Paul de Vence - France I.B.C., Espace St. Claire, Level "D", Bible Study Sun. 9:30, Worship Sun. 10:45. Tel: (04 93) 24 92 61.

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LB. FELLOWSHIP, Vinohradske # 68, Prague 3. Sun. 11:00. Tel: (02) 311 7974.

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WATERLOO BAPTIST FELLOWSHIP Sun. 10:00 at Swedish Church, across from MacDonalds. Tel: (03) 353 1585.

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\$75,000 Delivered Will She Try to Sell Story

By the Associated Press
and Don Van Natta Jr.

Kathleen Willey, a former White House press secretary, is being sued by a former White House press secretary for allegedly selling a story to a magazine. The story was about the White House's handling of the 1994 election. Willey is suing the magazine for \$75,000. The magazine is suing Willey for \$75,000. The story was about the White House's handling of the 1994 election. Willey is suing the magazine for \$75,000. The magazine is suing Willey for \$75,000.

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\$275,000 Debt Saddled Willey As She Tried To Sell Story

By Jill Abramson
and Don Van Natta Jr.
New York Times Service

WASHINGTON — Kathleen Willey's severe financial problems began closing in on her last summer. Since her husband committed suicide in 1993, Mrs. Willey has inherited many of his debts, including a \$274,500 judgment that she was ordered to pay in June, court records show.

It was shortly thereafter that Mrs. Willey and her lawyer, Daniel Gecker of Richmond, Virginia, began exploring ways that she could make money by selling her account of an unwanted sexual advance by President Bill Clinton that she said occurred in November 1993, according to Mr. Gecker and others.

It remains unclear whether Mrs. Willey's deep debt influenced her decision to reveal the details of a meeting with the president just outside the Oval Office. But since she went public with her accusations on national television on Sunday night, her financial situation and her credibility have come under scrutiny.

In recent months, Mrs. Willey's lawyer spoke many times with a Beverly Hills, California, publisher, Michael Viner, who specializes in celebrity tell-all books.

Mr. Gecker also said he had been approached by The Star, a tabloid newspaper that in 1992 published Jennifer Flowers's story of an affair she said she had with Mr. Clinton.

According to Mr. Viner and Phil Buntion, The Star's editor in chief, Mr. Gecker was seeking \$300,000 for his client's story — almost the same sum as Mrs. Willey's debt.

Mr. Buntion said "Gecker mentioned the debt," in discussions with The Star. But the tabloid was not interested in paying Mrs. Willey so much for her story.

"We didn't think her story was worth more than \$50,000," Mr. Buntion said, "but Gecker would not budge from the \$300,000 figure."

Mr. Gecker disputed the figures cited by them. Mrs. Willey's talks with The Star were first disclosed by The New York Daily News on Thursday. Mr. Viner said he, too, was unwilling to meet Mr. Gecker's asking price.

Mr. Gecker angrily denied suggestions by the president's lawyers that Mrs. Willey's account had been motivated by a possibly lucrative book deal. And Mr. Gecker pointed out that she was not paid for her widely watched interview Sunday night with the "60 Minutes" television program.

As Mrs. Willey faced growing financial pressure last year, a legal crisis loomed.

She had been swept into the Paula Jones sexual misconduct case against the president. In January 1997, Mrs. Jones's lawyers had received an anonymous call from a woman who outlined the details of Mrs. Willey's story: an unwanted sexual advance from the president, a husband who had committed suicide. The Jones team quickly identified her and subpoenaed her in August.

For months, Mrs. Willey fought the subpoena. Mr. Gecker said his client wanted to preserve her privacy.

The account Mrs. Willey eventually gave under oath in the Jones case when she was deposed on Jan. 11 — that Mr. Clinton had made an aggressive, unwanted sexual advance during a meeting with her at the White House in November 1993 — has now become an important part of both the Jones case and Kenneth Starr's criminal investigation of sex and cover-up accusations involving Mr. Clinton.

But since Mrs. Willey appeared on "60 Minutes," her credibility and motives have come under assault from the White House.

"We were never motivated by money," Mr. Gecker said. "She told the truth — period."

He acknowledged talking with Mr. Viner and The Star in recent days and weeks. But he denied that he had insisted on \$300,000 from the publishing house or the tabloid, saying it was "not enough" to rescue Mrs. Willey from her financial woes.

"We would never have considered selling her story for \$300,000 because \$300,000 would do her no financial good," Mr. Gecker said. "It would be better for her to declare bankruptcy and discharge the \$300,000 debt than write a story and receive only \$300,000."



TWISTER'S WAKE — An official inspecting the wreckage of Lanier Elementary School, Georgia, on Friday after a tornado struck. Authorities said at least 7 persons had been killed and 70 injured.

Away From Politics

• A panel of educators has sought to calm the furor over how reading is taught by endorsing approaches that blend rote drills in phonics with creative exercises to kindle a child's interest in books and stories. The panel, convened by the National Research Council, also said that schools need serious academic reforms and better teachers to improve the literacy of students, especially during their pivotal first few years in the classroom. (WP)

• The keepers of the public schools in New York City have decided that elementary school students will learn more and be better behaved if they all dressed alike. The board of education for the nation's largest school system voted unanimously to require that about 500,000 elementary students must wear uniforms. In response to heated objections, however, the seven-member board gave parents considerable leeway in skirting the dress code and granted individual schools the option of rejecting it altogether. (WP)

• The flu is loosening its grip. The Centers for Disease Control and Prevention said 27 states still had outbreaks of flu through March 7 after a peak of 46 states last month. (AP)

• Jose Medina, 54, a man involved in a plot to extort \$40 million from the comedian Bill Cosby, has been sentenced in New York to more than five years in prison. (AP)

Widower Loses Secondhand Smoke Suit

The Associated Press

MUNCIE, Indiana — A jury has decided that the tobacco industry is not liable in the cancer death of a nonsmoking nurse exposed to secondhand smoke at a veterans hospital.

The jury of six nonsmokers said Thursday that cigarettes were not a defective product and that their makers were not negligent for failing to tell people that secondhand cigarette smoke was dangerous.

Philip Willey was seeking at least \$13.3 million in compensatory damages from six tobacco companies and two industry groups for the 1991 death of his wife, Mildred.

The jury also could have recommended millions more in punitive damages.

The lawsuit, which was tried in Delaware County Court, was believed to be the first of its kind to reach trial.

About 100 similar cases, in which an individual's death is attributed to secondhand smoke, are pending in the nation's courts.

Mrs. Willey, 56, died a month after she was diagnosed with lung cancer.

Her husband said that she had inhaled smoke constantly during her 17 years as a nurse in the psychiatric ward of the U.S. veterans hospital.

The sequestered jury deliberated about 19 hours over two days.

Chairman Cites 'Serious' Snag In Korea Talks

The Associated Press

GENEVA — Korean peace talks hit "serious difficulties" Friday, with the Chinese chairman scheduling an extra session so that delegations could receive instructions from their governments.

The South Korean spokesman, Oh Il Son, said the North Korean delegation had requested the delay. "We don't know anything about it," Mr. Oh said.

Chen Jian, chairman of the talks, declined to single out any delegation, but said, "We need flexibility on all sides." He contended that the consultations were needed because "we have gone so far that without clear instructions we cannot agree."

Besides the Koreans and China, the talks also involve the United States. All four countries were the main combatants in the 1950-53 Korean War. The talks are aimed at drafting a peace treaty to replace the armistice that has been in effect since the fighting ended.

Mr. Chen said he was trying to get approval for an accord that would include the structure of the negotiations, with a subcommittee to handle detailed talks.

"We came across serious difficulties about whether we should break up this session without any agreement, or whether we should try to solidify ones we have been working on," he said.

Before the afternoon meeting, the head of the North Korean delegation, Kim Gye Gwan, said he was not optimistic about the outcome of the session.

Earlier, a U.S. official said a key sticking point was the North Korean insistence that the agenda include the withdrawal of the United States 37,000 troops in South Korea.

Independent Counsel Named for Interior Chief

WASHINGTON — A three-judge federal court panel appointed a veteran Washington trial lawyer, Carol Elder Bruce, as independent counsel to determine whether Interior Secretary Bruce Babbitt lied to Congress about his department's 1993 rejection of a proposed Indian gambling casino in Hudson, Wisconsin.

It was the first such appointment stemming from congressional and Justice Department investigations of alleged campaign financing abuses in the 1996 Democratic presidential campaign. Tribes opposed to the casino as a threat to their own gambling profits gave more than \$350,000 to Democrats for the 1996 campaign, most of it after the casino application was denied.

Sworn in Thursday at a closed ceremony in the U.S. courthouse here, Ms. Bruce said in a brief statement that she was honored by the assignment and would begin work immediately "with the goal of thoughtfully and expeditiously" discharging her responsibilities. Mr. Babbitt said in a written statement that Ms. Bruce "can expect full cooperation from me."

A former federal prosecutor once targeted for assassination in the case of a renegade ex-CIA officer, Ms. Bruce added that she did not expect to make any further public comments until the investigation was completed. (WP)

Votes to Succeed Gingrich Are There, Louisianan Says

WASHINGTON — Representative Robert Livingston says that he has the votes to become speaker of the House although the current speaker, Newt Gingrich, has yet to relinquish the job. The remark by Mr. Livingston, Republican of Louisiana, who heads the House Appropriations Committee, infuriated many of his colleagues, both because they have yet to hear from Mr. Gingrich that he is leaving to run for president in

Quote/Unquote

Senator Joe Biden, Democrat of Delaware, after colleagues voiced concern about antagonizing Moscow by admitting three new countries to NATO and possibly others later, including the Baltic states, thus forming an "iron ring" around Russia: "I find this absolutely astounding! Are my friends suggesting that the Russians were justified in marching into Latvia, Estonia and Lithuania and annexing them in the name of preventing a ring from surrounding them?" (NYT)

2000 and because if he does they might have designs on the job themselves. Mr. Livingston said that after campaigning for four weeks he had all but wrapped up the race, and appeared at one point to threaten retribution against any lawmaker who challenged him.

"I can make it very uncomfortable for anybody who seeks to get the votes," Mr. Livingston said. "I've already got most of the votes sewed up."

Moments later, Mr. Livingston was expressing regret and trying to grab the words from thin air and shove them back into his mouth. "I meant only to say, I can impress upon people who might run against me that they don't have much of a chance," Mr. Livingston said. "I have no intention of using my job to pressure people."

Livingston said he had commitments so far from "80-plus" lawmakers, short of the 114 he would need to lock up the race if an election were held today.

His brazen campaign to succeed Mr. Gingrich has angered many Republicans, who say Mr. Livingston's declaration was both presumptuous and premature. A spokeswoman for Representative Dick Armey of Texas, the majority leader and Mr. Livingston's chief rival for the speaker's job, expressed alarm at Mr. Livingston's remarks. "That sounds like a comment that a lot of members would read as a threat," said the spokeswoman, Michele Davis. (NYT)

BOOKS

THE CONFEDERATES IN THE ATTIC: Dispatches From the Unfinished Civil War

By Tony Horwitz. 432 pages. \$27.50. Pantheon.

Reviewed by Jonathan Yardley

THAT Americans know ever less about the world's history and their own is a truism by now, in an age when dumbing down is rarely vilified and often encouraged. Still, it is hard not to be taken back by Tony Horwitz's account of a visit to Fort Sumter, in South Carolina, where tourists were greeted by a Park Service ranger named Joe McGill.

"Mostly the fort attracted ordinary tourists," Horwitz writes, "many of whom possessed a muddled grasp of American history. Visitors often asked McGill why he

didn't mention the 'Star-Spangled Banner.' He had to explain that the national anthem was composed during the shelling of a different fort in a different conflict: Baltimore's Fort McHenry in the War of 1812. Others asked whether it was true that John Brown fired the first shot at the fort. They were thinking of the abolitionist's raid on Harpers Ferry, 18 months before the attack on Sumter. 'One guy even asked me why so many Civil War battles were fought on national parks,' McGill said.

This pervasive ignorance being an inescapable reality, it is all the more amazing that the Civil War still retains, a century and a half after the last shot was fired, a central place in the American consciousness and still stirs deep, at times ardent and angry, emotions.

Horwitz, a writer for The Wall Street Journal and a

Civil War buff since early boyhood, found himself wondering about the war's enduring presence after a gang of war re-enactors passed by his house in northwestern Virginia. He decided "to spend a year at war, searching out the places and people who keep memory of the conflict alive in the present day," which "dictated" a Southern strategy "since most of the war took place south of the Mason-Dixon Line."

The project ended up consuming considerably more time than Horwitz anticipated, but the final result turns out to be more than worth the effort.

"Confederates in the Attic" is a big mixed bag of a book, hilariously funny at times, poignant and sad at others, that manages to get a pretty firm grip on how, if not why, the war still remains an obsession with so many. If by this hour in American history

most of those thus afflicted are at or near the margins — a point Horwitz makes by showing that their numbers are considerable and their voices, Lord knows, are loud.

"Everywhere," Horwitz writes, "it seemed, I had to explore two pasts and two presents: one white, one black, separate and unreconcilable."

Whether this points more to the specific grievances of those with whom he talked or to a larger social condition is not clear, but it is depressing.

Washington Post Service

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Spy Fiction in Carolina — What Training Base?

The 'Nice Folks' Who Run It Blow Things Up

By Tim Weiner
New York Times Service

HERTFORD, North Carolina — Nine miles out of Hertford, a town as tranquil as an old dog on a porch, the road ends at a sign that says Harvey Point Defense Testing Activity.

Officially, Harvey Point is some sort of Pentagon post. But everybody around Hertford says the official version is fiction.

"We felt it was a CIA base from the beginning," said Paul Gregory, the county manager.

In fact, Harvey Point is the place where, for the last 37 years, the Central Intelligence Agency has run secret paramilitary and counterterrorism courses for thousands of its officers and select foreigners — most recently, the Palestinian security forces, according to intelligence officials.

Established weeks after the 1961 Bay of Pigs invasion, this school for spies has been shielded by secrecy, security fences and cypress trees festooned with Spanish moss ever since.

But it makes its presence felt. Black helicopters thud over the treetops at dusk ("They scare the soup out of you," said Deborah Reed, the local register of deeds). Buses with blacked-out windows roll by, ferrying mysterious passengers. Trucks haul in old limousines and haul out bullet-riddled, blackened hulks.

Then there are the bombs.

Harvey Point sets off powerful explosions to recreate terrorist acts. Lots of powerful explosions. They resound for many miles around. In Hertford dawn can break with a bone-rattling bang.

Some folks roll over and go back to sleep. They know it's only the CIA setting off bombs. But some never quite got used to it.

"The explosions would almost throw us out of bed at 7:30 on a Saturday morning," said Mr. Gregory, who presides in the 18th-century county courthouse in Hertford, the seat of Perquimans County, population 11,000.

"The explosions rattle the windows a little, but more than we would like. One or two people said their houses shook so bad they had cracks."

Word filtered out to Harvey Point a while back that some of the locals were peeved.

So the base commander, Roger

Shields, invited Mr. Gregory, the county commissioners and other local officials out for a chat.

"They were real nice folks," Mr. Gregory recalled.

"They said they would show us around the base. Well, they did not show us around the base. But for the most part, they told us the truth as to what they gave us said showed us."

"Basically, they explode things down there. They blow up cars. They blow up safes. They blow stuff up. They try to reconstruct an explosion that took place somewhere in the world."

The visitors asked flat-out if Harvey Point was a CIA base. No answer came.

In a thank-you note to the commander, the Perquimans County commissioners wrote:

"When we hear an explosion from that general direction or feel the ground shake due to the same, we will, from our experience, know, in some degree, what it is for."

"We will now be able to explain to our people why we have the Base and what it is doing for our Nation."

Over the last decade, the CIA has given counterterrorism training to more than 18,000 foreign intelligence officers from 50 different countries, including Russia, Israel and Egypt, according to agency officials. Some of that training took place abroad, not at Harvey Point. The agency does not discuss its training installations — ever.

Shock waves notwithstanding, Harvey Point is a good neighbor, Mr. Gregory said. For one thing, the base employs more than 40 local people as cooks and guards.

All are sworn to secrecy, even to their families.

"My son works there as security, but he doesn't tell me anything, and I don't ask," said Julian Broughton, a retired sheriff who said he had not visited the base since investigating the death of a man found drowned in a fishing net many years ago.

The sign outside the guardhouse at Harvey Point used to say "U.S. Navy Supply Center."

The claim is noted with deep skepticism by Sam Busted, a retired navy officer who lives nearby.

"They have to live under this damn-fool veil," Mr. Busted said. "It's common knowledge that this place doesn't exist."

Rate of Suicide Soars For Black Teenagers

By Rene Sanchez
Washington Post Service

WASHINGTON — The suicide rate of African American teenagers has risen sharply since the 1980s, especially in the South, and is increasing at a pace much faster than that of white teenagers, a new study concludes.

White teenagers are still more likely to commit suicide than blacks. But the Centers for Disease Control and Prevention, in a report released Thursday, said its latest findings suggest that suicide is an "important and growing problem" among young African Americans and may be linked partly to the growth of the black middle class.

Researchers cite no conclusive cause of the rising suicide rate but say that since many more African Americans are being reared in upwardly mobile families, more of them also may be experiencing the stresses such an environment can create.

"These youths may adopt

the coping behaviors of the larger society in which suicide is more commonly used in response to depression and hopelessness," the report states.

Although the number of young blacks who commit suicide is still small — fewer than 5 of every 100,000 black teenagers take their own lives — the rate is much more comparable now to the suicide rate of white teenagers nationally, which is also rising.

In 1980, the suicide rate for young whites was 157 percent greater than it was for young blacks, according to the report. Today, it is 42 percent greater.

The suicide rate of African Americans between the ages of 10 and 19 has increased by 114 percent since 1980, the report found. The largest increase, by far, has occurred in the South, which the report defined to include Maryland, Virginia and the District of Columbia. The suicide rate among young blacks in southern states has grown by 214 percent.

DEATH NOTICE

OBITUARY

Moise Elghanayan, who died at the age of 52, was born in Iran to a wealthy Jewish family. His father David and his uncle Habib Elghanayan were leaders of the Jewish community in Iran. Habib was the Chairman of the Jewish Central Committee in Tehran for almost a quarter of a century. He became one of the first victims of the Islamic Revolution when on the direct orders of Ayatollah

Khomeini, Habib Elghanayan was executed. Moise had his elementary schooling in Tehran and was sent to London's Carmel College for his high school studies. He went to Boston (Babson College) for his university studies. He then set up his property and financial business in the US and later moved to Tehran.

He married Rhonda Boshampour in 1973 and his only child David was born in 1975. With the Iranian Revolution looming on the horizon, Moise moved out of Iran in August 1978 and settled in London, continuing with this property and financial services business.

Although he was born and lived in wealth, Moise was extremely humble and managed to befriend people from all walks of life. His vibrant and charming character attracted almost everyone who came into contact with him and he made excellent use of his contacts for charitable fund raising.

Moise was an active member of the World Sephardi Federation, London and the Iranian Jewish Centre. He also raised funds for publication of Judo-Iranian Studies.

Moise's untimely death has deprived his community of his continuing contribution.

IN MEMORIAM

The World Sephardi Federation, London, mourns the loss of Moise Elghanayan, one of its most active members, who died in London last week at the age of 52.

The World Sephardi Federation, London, offers its deepest sympathies to Mrs Rhonda Elghanayan, his widow and David Elghanayan, his son, as well as the Iranian Jewish community for the loss of such a valuable and active member.

The charitable work of Moise should be a model for all those who believe in charitable and humanitarian activities. On behalf of the World Sephardi Federation, England President - Mr Sami Shamoon.

William Montalbano, Correspondent, Dies

Los Angeles Times Service

William D. Montalbano, a prize-winning Los Angeles Times reporter whose 38-year career spanned most of the globe and produced some of the witest and most elegant foreign correspondence of his era, died of a heart attack Thursday in London.

Mr. Montalbano, The Times's London bureau chief, collapsed on a street near his home while walking to work.

His dispatches for The Times, where he had worked since 1983, and the Miami Herald earned dozens of awards, including the Overseas Press Club prize, the National Headliners Award, the Eric Pyle Award, the International Press Association's Tom Wallace Award and the Maria Moors Cabot

Prize. At The Times he was bureau chief in San Salvador, Buenos Aires, Rome and London.

Esther Bubley, 76, U.S. Photographer

New York Times Service

NEW YORK — Esther Bubley, 76, a documentary photographer who was noted for her sober, no-frills portrayal of post-World War II middle America, died of cancer Monday at a hospital here.

In 1952, her work was included in a show at the Museum of Modern Art in New York as part of a series titled "Diogenes With a Camera." In 1955, three of Ms. Bubley's images of schoolgirls and young women appeared in the "Family of Man" exhibition at the museum.

For China's State Workers, Paying for Health Care Brings on Twinges of Pain

By Michael Laris
Washington Post Service

ZHENJIANG, China — Yuan Zhihong passes her computerized health ID card through the small cashier's window at the No. 1 People's Hospital. Another checkup on her chronic lupus, another day's wages gone.

Since this eastern Chinese city of 2.6 million began an experiment in health insurance reform in 1995, it is not only the blood tests that have been causing workers to wince.

"In the past, I never paid a cent," Miss Yuan said. Like thousands of state enterprises and government offices nationwide, Miss Yuan's employer, the Chuan Bo Shipping Equipment factory, used to reimburse all employee medical costs. Not anymore.

Miss Yuan can attribute the pain in her pocketbook to the new Chinese prime minister, Zhu Rongji. Mr. Zhu, who this week succeeded Li Peng as head of the government, started the Zhenjiang program and has overseen its expansion into other cities nationwide. Making these reforms the norm in China will be a major priority of his newly created Labor and Social Welfare Ministry.

Mr. Zhu is trying to replace gov-

ernment-financed, cradle-to-grave health care with a system based on individual responsibility, payroll taxes and incentives to cut waste.

The prime minister and his aides hope to inject some common sense into China's wasteful system of socialized medicine, while shifting the responsibility for health care from ailing state-owned enterprises to society at large.

Health reform is a linchpin for Mr. Zhu's overhaul of China's state sector, a task he has given himself three years to complete. Money-losing government factories are propped up because Chinese leaders fear that firing workers and leaving them without basic services like health care would cause urban unrest.

Once a safety net is created outside the state-enterprise structure — old-age insurance and urban poverty assistance programs are also being put into effect — the tax can fall on millions of redundant workers in inefficient enterprises. By shifting the social burden, enterprises can be judged by their productivity, not their ability to provide welfare. "From now on, it's the mayor's problem," said Min Weiping, an official in Zhenjiang.

Mr. Zhu has no time to waste. State enterprises sap not only China's finan-



Doctors studying X-ray results of a lung-cancer patient in a Beijing hospital.

cial health. Many state employees are already facing reduced medical coverage. Their enterprises cannot cover worker salaries, let alone medical costs.

Though Zhenjiang's residents earn a respectable \$750 per capita yearly income, and the city is situated on two key transportation arteries — beside a major new highway from Nanjing to Shanghai,

and on the bank of the Yangtze River — people are still finding it difficult to make ends meet. Late salaries, layoffs and involuntary reduction in hours are common.

The Zhenjiang model for reform is a newfangled hybrid. State enterprises and work units must make payments equal to about 10 percent of each employee's salary to a newly formed insurance bureau. Workers themselves kick in 1 percent of their take-home pay.

The money is split between a personal medical account — basically, forced savings like the system in Singapore — and a general welfare fund. Once a worker uses up his personal account, he can tap the society-wide money pool after paying a deductible.

Wu Shouwen, deputy chief of the Zhenjiang Health Bureau and also a physician, says the reforms are reducing waste.

"If you get a cold, and are using expensive medicines you don't need, it's not fair," he said. "We want to control that."

Corruption is also a problem. Patients and doctors have cloaked items such as hospital beds and refrigerators as "drug

costs" on the receipts used for reimbursement from work units.

Ren Minghui, a Harvard-trained central government health official who helped design the system, says China must alter incentives and set limits on medical care.

Just how well costs will be controlled depends on the quality of the cost-cutters. Hua Meifen, a gastrointestinal physician, said she was trying to save money as part of the insurance program. For a bleeding ulcer, she usually prescribes a slower, but cheaper, Chinese medicine instead of the Western brand she previously used. The Chinese medicine costs \$4 to \$12 and takes up to three months to work. The Western medicine costs \$34, but it is effective after one week.

Some Zhenjiang workers are skeptical of their role as health-reform guinea pigs. They fear that the government will cut costs by lowering the quality of care.

Gu Zhaoxun, a physician at the city's Medical College Hospital, said that he had heard the grumbles and that his colleagues must "work on people's hearts."

"Patients won't trust it right away," he said. "We need time."

What's Behind Deal in Macau For Warship?

The Associated Press

HONG KONG — A company in Macau, the island gambling haven on the south China coast, has bought an unfinished aircraft carrier that is rusting in the Black Sea and reportedly plans to turn it into a floating amusement park.

Much about the deal that emerged this week in reports from Kiev, Hong Kong and Macau remains unclear. Defense analysts say the real story could be quite different from what it appears to be.

They note China's longtime goal of building or acquiring an aircraft carrier so it can project military power far beyond its coast — a plan that makes some Asian neighbors nervous.

In fact, China reportedly has been interested in buying the carrier Varyag, which is about two-thirds complete and docked at a Black Sea port, from the vessel's owner, Ukraine.

A Taiwanese defense analyst, Su Chin-chiang, said that China's desire to acquire the carrier, combined with the purchase by a little-known Macau company, pointed to a mainland connection.

Macau, with fewer than a half-million people, has been a Portuguese enclave for more than 400 years. But like Hong Kong, which reverted to China in July, Macau will become Chinese territory, beginning in December 1999.

In recent years, Macau has turned to gambling for its economic livelihood. Gaining now brings in about \$2 billion a year, or 28 percent of the colony's gross domestic product.

The Ukrainian Agency for Development and European Integration said Tuesday that a bid of \$20 million from the Chong Lot company registered in Macau was the only offer it received for the aircraft carrier.

The agency's director, Roman Shepek, said on television that a contract would be signed in a month. The contract stipulates that the buyer cannot use the carrier for military purposes and that any equipment that could be used to build other warships has been removed.

Still, buying an aircraft carrier seems a bit extravagant, even for Macau's surroundings. Also, questions surround Chong Lot and who, exactly, stands behind the company, which was incorporated in Macau in August with capital of \$125,000.

Efforts to contact the company were unsuccessful. Macau officials declined to comment.

But the government has said it turned down an application to register the Varyag as a site for hotel, business and amusement facilities because Chong Lot was not licensed to hold any of them.

Clinton's Africa Trip

President Clinton embarks Sunday on the most extensive tour of Africa undertaken by an American president, a six-nation odyssey to highlight signs of hope on a continent plagued by poverty, disease, famine and war.

The 12-day journey through sub-Saharan Africa marks the first time a sitting U.S. president has visited Ghana, Uganda, South Africa, Botswana or Senegal. It will take the president from capital cities to remote villages. Like many tourists in Africa, he will go on safari to see elephants, hippos, crocodiles and baboons. For the most part, the trip is a travelogue of countries pursuing democratic reforms, free elections and economic development.

The exception is Rwanda, where sporadic ethnic violence continues. The president will bring initiatives on education, the rule of law, food security, trade and investment, aviation and conflict resolution, a White House spokesman said. Mr. Clinton will be accompanied by his wife, Hillary, and a delegation of business leaders and members of Congress. (AP)

The itinerary

1. March 23: Arrives in Accra, Ghana.

2. March 24: Arrives in Entebbe, Uganda.

3. March 25: Brief visit to Kigali, Rwanda.

4. March 26: Arrives in Cape Town, South Africa.

5. March 27: Meets with President Mandela; visits Robben Island.

6. March 28: Flies to Johannesburg.

7. March 29 and 30: Flies to Botswana. Meets with President Masire. Begins two-night safari.

8. March 31: Flies to Senegal.

April 1: Meeting with President Diouf in Dakar.

April 2: Meetings with African rights activists.

Visit to former slave-trade center Gorée Island.

Address on U.S.-Africa relations.

8. Return flight to the U.S.

International Herald Tribune

Continued from Page 1

States, saying its long-running embargo "contributes to the rigidity of the system currently in place."

Mr. Castro said he trusted that relations between Cuba and the United States could be improved and added, "We are willing to do whatever we can."

Mr. Castro's comments were broadcast only by CNN, which can generally be seen in Havana only in tourist hotels or by hard-currency subscribers like diplomats or businessmen.

So far, the Cuban state media had not reported the U.S. move to ease sanctions and had carried no official Cuban reaction.

For the first time since 1994, Mr. Clinton will allow Cuban-Americans to send money directly, and legally, to relatives in Cuba through licensed agencies. Cuban-Americans will be able to send up to \$300 every quarter to each household, or up to \$1,200 a year.

Mr. Clinton will also allow certain charitable and humanitarian organizations, like the Roman Catholic Church and the Catholic charity Caritas, to charter flights directly to Cuba from the United

States. These flights may carry goods for humanitarian purposes or passengers with humanitarian or emergency needs.

In Miami, travel agents said they were besieged with phone calls Friday from Cuban-Americans asking when direct flights to their homeland would start up.

Mr. Clinton also is streamlining the licensing procedure that allows the Roman Catholic Church and other non-profit organizations to export and sell pharmaceuticals to Cuba, while letting the organizations themselves ensure that the drugs go to the proper recipients.

Some congressional criticism was immediate. Representatives Lincoln Diaz-Balart and Ueana Ros-Lehtinen, both Florida Republicans, issued a joint statement accusing Mr. Clinton of seeking "to unilaterally relax sanctions on the Castro tyranny," and said that the Pope's visit "should not be used as a pretext to soften sanctions."

Ms. Ros-Lehtinen said that permitting flights and remittances reduced the price Mr. Castro was paying for shooting down two unarmed civilian aircraft, flown by Cuban exiles testing the regime, in international waters on Feb. 24, 1996.

But others in Miami cheered the decision and said it was another sign of needed change. "It was overdue," said Armando Garcia, vice president of Marzani Charters, the biggest retailer of flights to Cuba in Miami.

Larry Birns, director of the Council on Hemispheric Affairs in Miami, said he thought the administration's decision would find general approval.

"There will be some gnashing of teeth in Congress, but with the Pope sanctioning such assistance and exhorting those who don't help, it seems to me the administration will emerge relatively unscathed by its actions," Mr. Birns said. "It will also win points with the European Union and the rest of Latin America, which has been caustic in its criticism of U.S. policy to Cuba."

Marc Thiessen, a spokesman for Senator Jesse Helms, said it was a "serious mistake" for the administration to implement Cuba policy by executive order at a time when Mr. Helms was trying to achieve a bipartisan consensus for a humanitarian relief program for Cuba.

(Reuters, NYT, AP)

CUBA: Castro Says U.S. Move Is 'Helpful'

Continued from Page 1

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(Reuters, NYT, AP)

Echoes of Apartheid Era

Alleged Racism in School Sets Off Clashes With Police

Reuters

VRYBURG, South Africa — Black South African youths angry about alleged racism in a predominantly white school set fires alight and stoned a police vehicle on Friday in scenes reminiscent of apartheid-era clashes.

Student leaders struggled to keep control in the black township on the outskirts of the small town of Vryburg, saying the young people should restrain themselves until the completion of an independent inquiry into racism at the school.

"We will wait for the outcomes of the task team," said Charlie Mogale, spokesman for the Congress of South African Students.

"If their reports are negative we are going to take a very radical position."

Provincial officials decided Thursday to close the Vryburg High School after weeks of unrest, which was set off when white parents allegedly attacked black pupils at the school.

"There are a lot of farms around here and all the Boers gather together to promote racism," said Charles Hlapi, a 17-year-old pupil at Vryburg High, referring to Afrikaners, whites of Dutch descent. "But we're not scared. We've

got our own defense force."

Vryburg, which derives its names from the Afrikaner "free citizens" who resisted British colonial invasion at the end of last century, is a conservative cattle town, 400 kilometers (250 miles) west of Johannesburg.

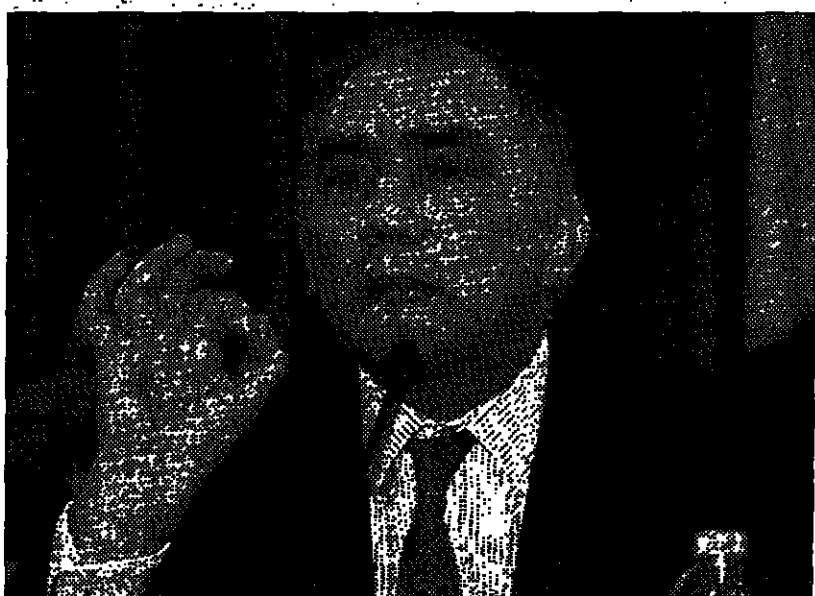
Several hundred police officers and soldiers patrolled the streets Friday; some were on horseback carrying high-velocity assault rifles, others rode in armored vehicles.

The decision to temporarily close the school came after black students tried to march into the largely white town center on Thursday and clashed with the police, who fired tear gas and rubber bullets.

A police spokesman, Sam Seng, said he could not rule out further clashes in the town, where about 3,000 whites live next to about 37,000 blacks in the Huhudi township.

"We are going to be on our guard," Mr. Seng said. "We cannot trust that it will remain calm."

Dirk Schoeman, chairman of a group representing white parents, said the unrest was the result of a group of black "troublemakers" in the school and demanded their expulsion.



Charles Millon speaking Friday in Lyon after being re-elected president of the Rhone-Alpes region. He was later suspended by his political group.

FRANCE: Flirting With the National Front

Continued from Page 1

ing as a betrayal of French "republican" values. But some elected officials at the local level insisted they were heading an electoral reality in some regions: If all the votes from the center to the extreme right are counted together, the right commands a governing majority.

National Front candidates drew 15.5 percent of the vote nationwide, a figure consistent with tallies going back a decade. The two center-right parties won 35.6 percent nationwide, and the left coalition 36.5.

Jacques Blanc, of the Union for French Democracy, was elected president of the Languedoc-Roussillon region with National Front votes. "You cannot govern this region with insults or by refusing to recognize reality," he said, and was promptly suspended.

Mr. Millon, the former defense minister, won the presidency of the Rhone-Alpes region with National Front support, and four other regions followed the same pattern. Several of the regions where the outcomes could be reversed

with alliances between the center-right and the National Front put off their decisions on presidencies until next week.

"I'm very pleased," said Jean-Marie Le Pen, founder and president of the National Front, who recently repeated one of his past claims that the ovens in the Nazi death camps will be remembered as only a "detail of history."

Philippe Seguin, head of the Rally for the Republic, President Jacques Chirac's party, which is in opposition, forbade its members to negotiate regional coalitions with the National Front. When a former lieutenant of Mr. Chirac's, Jean-Francois Mancel, ignored the instruction, he was suspended from the party.

Mr. Jospin's solemn warning about his political opponents' doing business with the National Front drew shrieks of indignation. Mr. Seguin and Mr. Chirac said Mr. Jospin was exploiting the situation for partisan gain. Others on the right pointed out that the Socialists maintain power thanks to the votes of Communists, whose past beliefs and associations besmirch the left's claims to "republican" rectitude.

BRIEFLY

Pakistan Invites India to Dialogue

ISLAMABAD, Pakistan — Prime Minister Mian Nawaz Sharif on Friday invited the new government in India to resume a dialogue and shed "the old mindset of confrontation and tension" between Pakistan and India.

"I invite you to work closely with us for ushering in a new era of durable peace and stability," he said in his first public message of greeting to Prime Minister Atal Bihari Vajpayee, who took office on Thursday.

On Thursday, Pakistan repeated an offer to India at the Conference on Disarmament in Geneva for an agreement on mutual restraint in nuclear and missile fields as well as conventional weapons. (Reuters)

Sumatra Students Renew Protests

JAKARTA — Hundreds of students rallied against the government Friday at a university on Sumatra island, a day after police fired tear gas to disperse stone-throwing protesters.

Students at Lampung University said they wanted the government to curb rising food prices and they demanded changes in President Suharto's new cabinet. The rally was peaceful, and security was light.

On Thursday, police broke up a protest on the campus in Bandar Lampung, about 350 kilometers (220 miles) northwest of Jakarta. At least 60 people were arrested in the most violent in a series of student demonstrations in recent weeks. (AP)

Seoul Ex-Spy Chief Faces Prosecutor

SEOUL — South Korea's former spy chief submitted to questioning Friday about a pre-election smear campaign against President Kim Dae Jung, an official in the Seoul District Prosecutor's Office said.

Prosecutors would provide no details on the questioning of Kwon Young Hae, former director of the Agency for National Security Planning.

Mr. Kim was portrayed as a Communist sympathizer by rivals during his four decades as an opposition leader. The security agency has been suspected of concocting incidents to sully his name. (Reuters)

Thai Parliament Voting on Censure

BANGKOK — The parliamentary opposition concluded a censure debate Friday against Prime Minister Chuan Leekpai with an admission that the no-confidence motion will fail.

The vote, slated for Saturday, will allow Mr. Chuan to stick with his program to lift Thailand's economy out of crisis by following reforms demanded by the International Monetary Fund in return for a \$17.2 billion bailout.

Mr. Chuan is enjoying high public confidence after a successful visit to the United States, where President Bill Clinton rewarded his handling of the economy with a \$1.7 billion aid package. (AP)

NATO: Clinton Makes Pitch for Expansion

Continued from Page 1

"It would fracture NATO's open-door consensus," the president said. In previewing Mr. Clinton's remarks on Thursday, the White House press secretary, Michael McCurry, said the administration had expected the Senate to act soon on the measure.

Mr. Clinton's main arguments in favor of expansion are that it will

strengthen Europe's overall security and reduce the risk of conflict in the formerly Communist countries of Central Europe, and that it will consolidate the democratic gains of Poland, Hungary and the Czech Republic.

Critics contend that an expanded NATO could entangle the United States in a series of Bosnia-style peacekeeping missions, poison relations with Russia and promote instability in Europe.

Meanwhile, the former Russian security chief, Alexander Lebed, told a National Press Club audience that adding the three countries to NATO did not pose a military threat to Moscow.

"If NATO leaders think the addition of the Czech Republic will significantly augment their military might, they are mistaken," Mr. Lebed said. "If you have spare cash to burn and your taxpayers do not mind, go ahead."

It was clear this week during Senate debate on the issue that both Republicans and Democrats favored expanding NATO, although battle lines were forming over whether additional members beyond the latest three should be invited — and when.

Senator Joseph Biden of Delaware, senior Democrat on the Senate Foreign Relations Committee, made an impassioned plea on the Senate floor to approve without conditions legislation modifying the 1949 treaty that established NATO.

But a group led by Senators John Warner, Republican of Virginia, and Daniel Patrick Moynihan, Democrat of New York, is proposing that the measure be accompanied by a three-year freeze on additional membership.

Settlements by Israel Block Peace, EU Says

Agence France Presse

LONDON — The European Union said Friday that Israel's construction of settlements on Palestinian-occupied land was illegal and that the development of housing for Jews at Har Homa in disputed East Jerusalem was "a major obstacle to peace."

Britain, the current president of the EU, issued the statement, drafted by Foreign Ministers Hubert Vedrine of France and Klaus Kinkel of Germany, following the visit to Jerusalem this past week by the British foreign secretary, Robin Cook. Mr. Cook went to the hill-top settlement, at the edge of Arab East Jerusalem, and met a Palestinian delegation there, angering Prime Minister Benjamin Netanyahu of Israel.

The statement said the 15-nation EU had urged both Israel and the Palestinians "not to commit unilateral acts which could prejudice any future solutions" for a Middle East peace settlement.

HUNGARIANS: A People Reflects Sadly on Its History of Brain Drain in the Sciences

Continued from Page 1

For Hungarian intellectuals who remained in Hungary, Mr. Szilard and his émigré colleagues represent a bitter-sweet phenomenon. On the one hand, there is pride that Hungary has produced so many important minds. Yet, there is also sadness that so many fled — and that the new generation of best brains continues to leave.

Now, instead of being enticed by the ferment in German and American universities as their elders were between the two world wars, young Hungarian scientists are wooed abroad by Western

companies offering fabulous research possibilities and the kind of pay they could only dream about here.

"Today, the most gifted Hungarians leave the country while they are graduate students," said Gabor Pallo, the deputy director of the philosophy institute at the Hungarian Academy of Sciences.

After more than 40 years of communism and a rough transition to a market economy, Hungary lacked the financial resources to keep them. "Even the scientific libraries are collapsing," he said.

In the popular mythology, this crew of geniuses are shadowy figures in Hungary. For most of the Cold War, they

were considered soldiers in the enemy camp and banned in the media and school texts. Then, in the early 1980s, when the Hungarian leader Janos Kadar was eager to improve his nation's profile in the West and wanted to pump up sagging intellectual morale at home, the émigré scientists were dusted off.

Mr. Pallo said that by 1983, he was allowed to publish some of his research on the scientists and in 1985 he was asked to give a lecture at the Academy of Sciences on Hungarian-born Nobel Prize winners. Some of the scientists came back in their old age for short visits before the collapse of communism; the

fiercely anti-Communist Mr. Teller waited until after 1989.

But like Andrew Grove, who as a young science student fled Hungary after the failed 1956 uprising and is now chairman and chief executive of the computer giant Intel, Mr. Szilard showed little interest in Hungary, Mr. Pallo said.

Even so, Mr. Szilard is now buried here. At least, part of him. Half of his ashes were sent to Budapest. The other half were dispatched to upstate New York, where his wife is buried.

This is not quite what Mr. Szilard had in mind. He had said he wanted his ashes tied to a helium balloon and sent into the sky.

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

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Architect's First Try Shakes Staid Berlin

By Alan Riding
New York Times Service

BERLIN — During his first two decades as an architect, Daniel Libeskind had no interest in building anything. Instead he concentrated on drawing, writing and teaching, earning accolades as an avant-garde theorist. Finally, 11 years ago, he entered his first competition. Now, at the age of 51, the Polish-born American is completing his first building, the new Jewish Museum in Berlin.

Yet already his reputation as intellectual-turned-practitioner seems well established. In the 1990s he has won several other competitions for cultural buildings, among them the extension for the Victoria and Albert Museum in London, the Imperial War Museum of the North in Manchester, England, and a new concert hall in Bremen, Germany. He is now competing to design two museums in the United States.

"I am probably the only architect in the world whose entire practice is based on competitions," he said with a laugh, as if amused that his designs have won greater acceptance than his theories. "I may be lucky to get a commission one day. But winning a competition is actually the easy part of this job. To get something built afterward takes a lot of effort and stamina."

The Jewish Museum was no exception. Libeskind's design was chosen in June 1989, just five months before the dismantling of the Berlin wall. Since then he and his wife, Nina, who often handles his political negotiations, have had to deal with five Berlin governments.

In 1991 one even canceled the project to use the money to pay for a bid for the Summer Olympics. Six months later the decision was reversed and construction began in November 1992.

Completion of the \$65 million project — the museum is to be handed over in June — is therefore of special significance to Libeskind, not only because it is his first finished building, but also because he says its avant-garde form is a challenge to what he considers the "dull-witted and boring" architecture that has characterized much construction in the city since German unification in 1990.

The Jewish Museum is a free-standing extension of the Berlin Museum, a baroque building that has long recorded the city's history.

The decision to build it was therefore political: to recognize and demonstrate that Jews played a central role in Ber-

lin's history for centuries before Hitler seized power in 1933. The selection of a Jewish architect, though, was a coincidence: an international jury picked from among 189 submissions without knowing the architects' identities.

Still, Libeskind's design reflects his Jewish roots and his belief that culture should shape architecture. His zigzag building, which has a zigzag form that resembles a bolt of lightning, is linked below the ground to the Berlin Museum. While the two buildings have assumed different names, they will both record the interlocking history of Jews and Berlin, with the old building covering the period up to the foundation of the Second Reich in 1871, and the Jewish Museum taking the story through the Holocaust to the present day.

The official competition was to design the extension to the Berlin Museum with the Jewish department, but I insisted there be no separate space called the Jewish department and that idea has now been dropped," Libeskind explained.

"When you talk of cinema, theater, the fashion industry, art, writing, business, the Jews were involved throughout. So you can't say, I have seen the Jewish Museum, now I am going to see Berlin's history. It has to be Jewish throughout."

He called the project "Between the Lines" because it combines a visible, tortuous and continuous line with a hidden, straight and interrupted line, each in its way symbolizing the Jewish experience in Berlin. The visible line assumes the zigzag form, while the hidden line is marked by six 90-foot high empty spaces he calls "voids," three of them sealed, that represent what was lost in the Holocaust.

There is a constant dialogue between continuity and discontinuity, between absence and presence," he said.

A dramatic straight staircase leads up the side of the building to white-walled galleries with high ceilings that will contain assorted collections linked to Berlin's Jews, from ancient artifacts like candelabra, prayer shawls and tombstones to clothing, books, manuscripts and paintings. Once the museum opens to the public next year, the hope is that donations from descendants of German Jews living abroad will enrich the collection.

At the same time, Libeskind found striking architectural devices to convey the fate of Berlin's Jews. In the Berlin



Libeskind, a master at competition.

Museum, which he is also restoring, he has built a first void that leads to the underground passage to the Jewish Museum. This path is in turn traversed by another, on one side leading outside to a Garden of Exile with 49 square pillars — 48 filled with Berlin's earth, one with earth from Jerusalem — and on the other side to the Holocaust Void, a softly lit chamber that also stands away from the two buildings.

The architect was nonetheless determined that the Jewish Museum not be considered the city's Holocaust Memorial, as some Berlin officials had suggested. And while Libeskind felt that a former concentration camp outside Berlin was a more appropriate memorial, he eventually entered the competition to design a Holocaust memorial near the Brandenburg Gate "to make it clear that the museum is not the memorial." (His proposal is among four designs on the short list. A decision is expected soon.)

Yet the museum does represent an effort to rescue a Jewish memory that was almost obliterated by the Holocaust, to give form to what Libeskind calls "the invisible Berlin."

"The one event that changed Berlin more than anything in its 800-year history was the Holocaust," he said. It was also, he might have added, the single event that most affected his life.

When Nazi Germany invaded Poland in 1939, Libeskind's parents fled to the Soviet Union, where they spent three years in labor camps before being allowed to go south to the Tibetan border. When they returned to Poland in 1946, they discovered that most of their families had died in the Holocaust. Daniel was born that year, but his parents soon wanted to leave Poland. Eleven years later, they were able to move to Israel.

Obsession With Antiquity

Auction Explores Images Admired by Generations

By Souren Melikian
International Herald Tribune

NEW YORK — Ever since the Renaissance began in Tuscany, once the home of the ancient Etruscans who left their name, the art and artifacts of Greece, Rome and the Mediterranean world have been haunting the West.

The latest form of this obsession could be observed at Christie's East on Tuesday in the sale of "Antiquities and Souvenirs of the Grand Tour." Put together by Max Bernheimer, director of the Antiquities Department, and Victoria Shaw, a specialist in the decorative arts, it was inspired by commercial considerations — how best to sell antiquities in the \$500 to \$15,000 price range, and the wide assortment of engravings, wall-papers or trinkets of every kind that their discovery inspired in the last three centuries.

In the process, the sale went much further. It thrust under the eyes of those attending the succeeding images of Antiquity admired by the last four or five generations. The auction opened with some fascinating pieces that reminded us how very far back the distant past has been pushed in this century — indeed, since the end of World War II.

No one had an inkling until four decades ago of the figural art that blossomed around the fifth millennium B.C. within the borders of what is now the former Yugoslavia. It is now referred to as the Vinca Pločnik culture. The very first lot included two of its small terra-cotta heads, astonishingly stylized, with highly expressive slanting eyes; an admirable animal head with a human expression, looking through half-closed eyes as if mesmerized by some sight, and two small terra-cotta busts, cartoon-like with their goggle-eyes. Sold as one lot, the five pieces made \$1,380. What is unknown and utterly mysterious is rarely expensive.

Later by 4,000 years or so, the next lot also belonged to an art that no one would have been able to recognize until World War II. The geometrized stone body of a horse without legs (possibly made from other material) is of a type that was discovered at Starza Zagora in Bulgaria, where the ancient Thracians once lived. Had it been known in the last century or earlier, few would have looked at this art,

far too modern in conception. The horse, the like of which has never been seen at auction before, climbed to \$7,525.

The sale switched to the sculpture of Etruria and Rome, admired for centuries. A miniature funerary urn in the shape of a sarcophagus dating from the third or second century B.C. was decorated in low relief with the mask of a man looking quizzically, almost laughing, at the viewer. With his Phrygian cap lined with curious wings, like some Etruscan variant on the theme of the god Mercury, it would have evoked an enthusiastic response from the Renaissance. So too would another Etruscan terra-cotta — the head of a young man smiling, his short locks falling on his

tiquties is the renewed interest in monumental slabs with inscriptions.

Two marble slabs with Greek funerary inscriptions were consigned by a New England collector. One is a moving statement of love and fidelity in life as in death: "Where I placed the remains of Praxiteles my husband, there I be Parthenope wife of Praxiteles." The style of the lettering points to the fifth or sixth century. The slab made \$1,610.

The second slab is carved with a beautiful Christogram, and the words Kyrie El[e]ison, can be read in monumental lettering. The power of the terse metaphysical message reflected in the vigor of the calligraphy sent the slab to \$2,300.

But it is in Egyptian art that the modern approach has changed most drastically. In the last century, Egypt was the exotic face of Antiquity. Amusingly enough, the sale included a basalt carving of a reclining sphinx probably executed in the first century B.C. or the first century A.D., when Egyptian art on its last gasp was about to be submerged by a wave of Romanization.

The sphinx looks benign, not inscrutable. Only the current century of Egyptian sculpture matched by the certainty that this one would not come under the cloud of suspicion (the consignor's grandfather acquired it in 1934) surrounding recent art to claw its way up to \$12,650.

Did that century of Egyptian art have something to do with the charade that took place toward the end of the antiquities section? Few had given much attention to "a stela in the Egyptian style," as the catalogue calls it, using auction house cant language for "fake." (It shows three Nubians saluting a falcon-headed deity that might look more imposing were it not pot-bellied and goggle-eyed.) On the pedestal made at the turn of the century, an inscription reads "Sepulchral tablet of Shashanq, the son of Pa-Khart-Na-Bast. From Abydos XXXIInd Dynasty." Possibly experiencing an 11th-hour doubt, Bernheimer had given it a \$200 to \$300 estimate.

Suddenly, bidding took off. The stela ended up at \$10,350. Someone, that day, got it badly wrong, although it remains to be seen who. After two centuries of intense scrutiny, our perception of Antiquity in its Egyptian garb can still be curiously hazy.



A basalt carving of a reclining sphinx sold for \$12,650.

forehead. The miniature sarcophagus went for \$2,530, the head for \$805.

But other aspects of Etruscan sculpture would have left previous centuries baffled. A terra-cotta head of a young man, his eyes dilated by some terror, his lips pressed in fury or grim determination, is far too modern to have appealed to the 18th century. On Tuesday, at \$1,595, the head struck me as cheap.

THE pithy humor of the Celtic interpretation of Roman art would not have been recognized either until recently. The small bronze figure of a genius barely controlling his hilarity — the bust is muscular, the legs are too short, the drape seems about to fall off the man's loins — is as droll because he is far removed from the Roman model. The four and a half inch bronze dating from the second century was eminently affordable at \$1,495.

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ENGLISH GAINS DOMINANCE IN SWISS PRIVATE SCHOOLS

With four languages of their own — German, French, Italian and Romansch — the Swiss are rapidly developing a fifth: English.

A recent government survey showed that 20 percent of the population of Switzerland claims to speak English. This makes English the third most spoken language, after German and French.

Traditionally, students in Switzerland have been required to learn their own mother tongue plus either French or German, with a preference toward the latter. Today, students are saying they want their second language to be English.

The move toward English is, of course, nothing new. The rapidity with which its acceptance is progressing is something else again. English has for many years been the official language of the airlines and the travel industry. Television, music and films have helped spread it. Now, computer technology and the Internet are making it mandatory.

Lingua franca
Eric Willmssen, director of the International University of Geneva, says that all its instruction is in English. "We have students from

many different countries, and although we are in a French-speaking area and we encourage our students to learn French, we instruct in English because that is the language our students know and the one they will use in their future business careers."

Donald Utroska, a partner with Lamalie International, a Chicago-based executive recruiting firm with a European base in Geneva, recently said, "Today's international business executive must have fluent English if he or she intends to advance and be successful. The more languages an individual has, the better. When you learn another language, you also learn another way of thinking." When a Swiss executive from Geneva meets his or her counterpart from Zurich, likely as not they will speak English.

Swiss students are effectively asking that English become the second language of learning. Taken to an extreme, this situation could indicate that at some time in the future, Italian-speaking Swiss and French-speaking Swiss might have only English in common, and not Ger-

man. Could there then eventually be a movement to make English an official language in Bern? Admittedly, this doesn't yet seem a likely scenario.

Career preparation
Nevertheless, the vast majority of today's students are going to be entering business offices rather than government chambers and they most decidedly want to perfect their English. This being so, Switzerland's private schools are already changing their curricula. James Wade, marketing director of the prestigious Ecole Hotelière de Lausanne, which has heretofore given instruction only in French, says: "We now offer instruction in a choice of either English or French. It is obligatory to study the other language as well. But our enrollments in the English sector are surpassing expectations."

Vivianne Néri-Faillet, director of the Institut Villa Pierrefer near Montreux, one of Switzerland's pre-eminent finishing schools, confirms that English as a language of instruction is much in demand. "Some years ago, all our instruction was in French," she says. "Today, students may choose the program in either language. The world has become very international, and we have

many students who come from parts of the world other than Europe, where English is the lingua franca. Of course, we insist they study French as well since this is an important language in Europe."

Besides being a trend in private schools, the desire to learn English is also penetrating the local educational system, particularly at college level and with those who intend to have a career in business. The Ecole des Hautes Etudes Commerciales in Lausanne, for instance, while still conducting

lessons in French, maintains a program of English-language studies in a variety of fields for its students.

Both students and teachers report that as more and more electronic tools are used in the classroom, English is increasingly becoming the predominant language. At other levels in Swiss schools where students are beginning to use computers and connect with the Internet, English is almost becoming a primary language. "You must have English to take full advantage of the Net," says Jason Page, a teenage student born in Switzerland. "The world is too small to have only one language, unless it is English."

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In addition to the Ecole Hotelière de Lausanne, which was the first and is thus the oldest school of this type in Switzerland, there is now an abundance of other schools. The Centre International de Gion is highly international, and its graduates can be found in almost every nation on earth. In addition to its academic courses, the school has several consulting programs with local institutions; students have the opportunity to involve themselves in hands-on learning situations.

The César Ritz in Le Bouveret on Lake Geneva offers its graduates a BA degree accredited in the United States. It also has a program in which students can take their second year in Australia.

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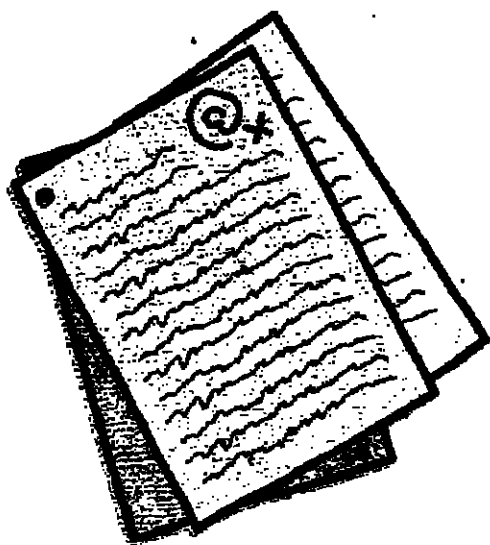
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International Education in Switzerland

SATURDAY

SECONDARY CONCERNS IN PICKING SECONDARY SCHOOLS

Swiss schools offer advantages beyond academic credentials.



Switzerland has long prided itself on the quality of its private secondary schools. The reputation of these schools for providing a good education is unsurpassed. Additionally, they offer parents the security of knowing that their children are growing up in a reasonably crime-free area and that they are safe from many of the problems that may exist in their own countries.

"Security is a major factor among many parents for choosing a school in Switzerland," says Jean-Pierre du Pasquier, director of the Ecole Lémanica. Parents like the fact that Switzerland is a low-crime area, where kidnapping is unknown. While Switzerland does have its problems with teenage drug use, as does every other European nation, Switzerland's private schools maintain strict drug policies and in most cases a single use can result in expulsion.

Another advantage for the student is that these days, a child is likely to be not only in an international environ-

ment, but also to be studying with an international assortment of fellow students.

In the past, most foreign students hailed from North America, England and other parts of Europe. Today, they also come from Russia, Japan, Malaysia, Lebanon, Israel, Kuwait and Saudi Arabia. Le Rosey, the Collège du Léman and the Leysin American School all have international student bodies.

The great outdoors

Students at Chantemerle and at Monte Rosa, both of which are near Montreux, report that the opportunity to live in or near the mountains and take advantage of all the recreational activities they offer makes life much richer. Student bodies in schools of this nature tend to become very close-knit, with the students often forming many lifelong friendships.

The John F. Kennedy School in Saanen-Gstaad takes grade-school students

throughout the year and also holds a summer camp. Children here are taught in English, but they hear French and German around them all the time.

In addition to academics, they quickly become proficient in skiing and other winter sports and develop a strong interest in nature, which is all around them.

Other Swiss schools can address special needs as well. FEDEA (Fondation pour l'Education des Enfants Autistes) is a school for autistic children and for those with related disorders. It is a non-profit institution affiliated with the University of North Carolina as well as several similar professional organizations throughout the world.

Located in the small town of Morges, the school accepts students between the ages of three and 20. It offers courses adapted to each individual's ability, taught in English or French.

BUSINESS INSTITUTIONS ARE BOTH LOCAL AND GLOBAL

Top international schools and smaller institutions offer commercial studies.

The old joke has it that somewhere inside of every Swiss is an accountant. Be that as it may, there is no doubt that Switzerland's business schools are both numerous and excellent.

IMEDE in Lausanne is considered to be one of the world's three, or four best business schools, along with Harvard and INSEAD in France.

The Business School Lausanne (BSL) recently merged with the Ecole Lémanica and has announced that its degrees are now fully accredited in the United States. "This merger enables us to offer our students a much broader program in business with an international outlook," says Jean-Pierre du Pasquier, the institute's director. The Ecole Lémanica teaches primarily in French, while BSL teaches mainly in English.

The American Graduate School of Business (AGSB) in La Tour-de-Peilz provides a U.S.-based program of business studies with a strong international outlook. Depending upon the program selected, graduates can receive an MBA (Master of International Business Administration), an MBA or a Bachelor of Science in Business Administration. The school has a policy of interactive association with es-

tablished business enterprises, and students are taken to visit and given an opportunity to study a number of diverse business operations.

Multinational approach The International University in Geneva emphasizes three factors: the globalization of the economy, the importance of information technology issues and the development of interpersonal skills such as leadership and the ability to work in teams.

IUG also has a program of internships for students with several Swiss and multinational companies so that they can have hands-on experience before actually entering the business world. The director, Eric Willumsen, emphasizes that English is the language of instruction and the language of business. "We expect our students to learn other languages, just as they learn various technologies, but English is the basis for their communications."

Webster University, which is based in St. Louis, Missouri, has had a branch in Geneva for the past 20 years. It has additional campuses in seven other countries. With 400 students from 80 countries, it specializes in traditional academic subjects and also has programs for adults. The university offers a range of academic programs resulting in a Bachelor of Arts

degree in management, business, international relations, psychology or sociology. Other options include a Bachelor of Science in computer science or a Bachelor of Business Administration. Graduate programs offer MBA and MA degrees with concentrations in human resources development, international business, international relations and counseling. Webster University degrees are accredited by the U.S. North Central Association of Colleges and Schools.

Adult education programs Robert Kennedy University, located in Zurich, offers pro-



grams in cooperation with Washington State University. All its degrees are either accredited by the Department of Education of the State of Washington and the Northwest Association of Schools and Colleges or by the Chancellor of the State of the Can-

ton of Zurich. Robert Kennedy University is a non-profit entity registered in the United States and is particularly well-suited for adult students who are already working and cannot maintain a regular academic schedule. The University of Lausanne also has a program of higher business studies. Instruction is in French, although English is also widely used. The university is part of the regular Swiss education system and possesses an excellent library and sporting facilities and is an easy commute from the center of town.

Geneva's Académie de Langues et de Commerce offers both French and commercial courses. Programs are intensive but can be tailored to students' requirements. Savoir-faire As more and more executives find their business lives becoming increasingly inter-

national, knowing foreign customs and manners becomes a bigger factor in international business development. Viviane Néri-Failletaz, who runs the finishing school Institut Villa Pierrefer, reports: "Several multinational companies have asked if we could prepare seminar programs for their corporate executives. Their main need is to learn how to handle themselves in foreign environments, whether it be the simple use of chopsticks or the suitability of certain flowers. It is very easy to accidentally insult your host without ever having realized, and certainly not intended, to have done it. Faux-pas such as showing the sole of your shoes can delay business acceptance or even annul it."

She adds: "We know of one company that regularly puts candidates through an 'awkward' dinner. The first course might be half a grapefruit. This is the only one which is uncut. How do they handle it? Another course might be fresh asparagus, to see whether he or she uses fingers or a knife and fork. Indeed, how do they handle these instruments? What the company is looking for is not whether or not the candidate knows how to do the right thing — but whether or not he or she has the savoir-faire to handle a difficult situation, because difficult situations are always going to arise."

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MGC A	.10	-	25	287 1/2	9 1/4	6 3/4	6 3/4	- 1/4
MGMG	-	-	18	347 1/2	35 1/4	34 1/4	34 1/4	- 1/4
MISchoff	.85p	-	10	590	21 1/4	21 1/4	21 1/4	- 1/4
MISC Ind	.32	1.3	10	353	23 3/4	23 3/4	23 3/4	+ 1/4
MNI Cos	-	-	49	1992	67	54 1/4	56 1/4	+ 1 1/4

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After Rough

tion weakens them to the communist state.

Another factor in the prime minister's decision is that he now expects gross domestic product to grow by 10 percent this year, he simply "thinks."

"Therefore if these prices," he says, "the decision is a serious one and the answer is yes."

Some may say Russia's GDP grew last year.

Political reform is not the prime minister's top priority. He says, "The government

DATE	TIME	NAME	ROOM	REMARKS
1-10	1730	F.F.	1215	
1-11	1730	F.F.	1215	
1-12	1730	F.F.	1215	
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1-30	1730	F.F.	1215	

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Continued on Page 14

Yogurt Maker In Japan Gets Creamed in Derivatives

Compiled by Our Staff From Dispatches
TOKYO — Yakult Honsha Co., a Japanese maker of fermented milk drinks, said Friday it would take a charge of 105.7 billion yen (\$808.9 million) for the year ending March 31 on securities trading losses, including derivatives.
"From now on we'll concentrate on our main business," said Yoichi Yoshida, the senior managing director. He said Yakult would stop managing funds in derivatives products and attempt to make its finances more transparent.
The chairman, Jun Kuwahara, and a vice president, Naoki Kumagai, said they would resign to take the blame for the trading losses, which will result in a net loss for the financial year ending March 31, the first annual loss since the company went public in 1980.
Mr. Kumagai personally handled the trades, three of Yakult's senior managing directors told reporters. The president of Yakult Honsha, Sumiya Hori, will retain his post.
Yakult's flagship product is a sugary yogurt drink that is a favorite of children in Japan, Singapore, Hong Kong and elsewhere in Asia.
A yogurt drink company seems an unlikely player in international financial markets, much less derivatives. But Yakult is known as an aggressive company whose door-to-door sales strategy, employing middle-aged, uniformed *okunins*, or aunties, has made it a household name throughout Japan.
Yakult said it would report a loss on derivatives of 33 billion yen in the current financial year and would set aside 72.7 billion yen as reserves to cover losses on derivatives contracts maturing after the end of the year.
As a result of the special charges, the company reversed its earnings outlook for the year to a net loss of 96.2 billion yen from an earlier forecast of a 5 billion yen net profit. It said it would use its cash reserves to cover the entire amount.
Yakult joins a host of Japanese companies that have lost money or been implicated in wrongdoing because of a lack of internal oversight.
"They have to clean up their act in terms of telling investors what's really going on," said Patricia Horvath, an analyst at UBS Securities Japan.
Yakult will bounce back in the long run because it is cash-rich, she said.
Yakult also said it would cut its work force of about 2,800 by 300 over two years. Also, all board members will return their bonus payments for the year, the company said. Yakult shares were untraded because sell orders outnumbered bids. The final offer of the

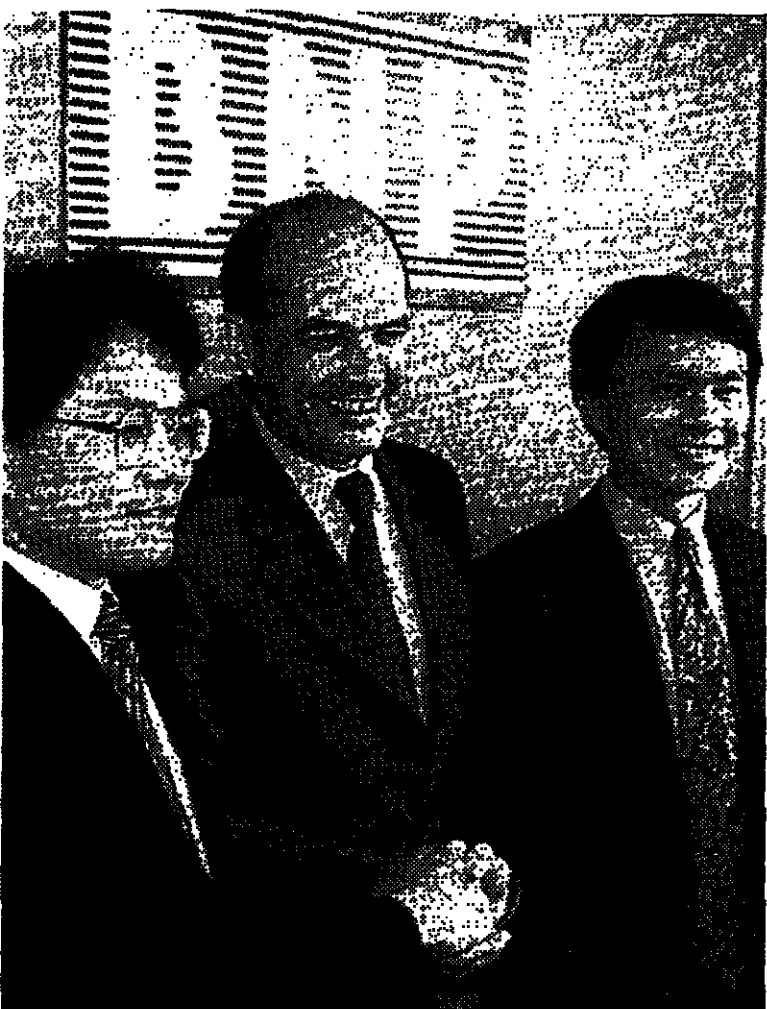
See LOSS, Page 15

Peregrine Judge Bands a Rare Bird

Leung Flying High Despite Criticism

By Philip Segal
Special to the Herald Tribune

HONG KONG — For a man who oversaw the downfall of Peregrine Investment Holdings, one of Asia's largest investment banks, Francis Leung has landed rather well.
Where else but in Hong Kong could the managing director of a public company claim ignorance over a massive loss that ruined his firm — and then nearly double his salary by signing on almost immediately with a competitor?
Even in this money-obsessed town, the sure-footed speed and agility with which Mr. Leung switched employers in January raised astonishment.
Born in Hong Kong, the boyish-looking Mr. Leung, 44, takes credit for all but inventing the concept of red chips — the shares in mainland China-backed companies incorporated in Hong Kong and traded on the stock market here. These were all the rage until last October, when many lost half their value in a week after more than doubling the year before.
Mr. Leung's deal to join Banque National de Paris, now approved in court here, provides a rare glimpse inside the high-pressure world of investment banking that Mr. Leung has dominated in Hong Kong for years.
But the court proceedings have also raised a number of questions about Mr. Leung's behavior by the bankruptcy judge, Anthony Rogers, who approved the sale of Peregrine's China stocks business to BNP.
The judge lashed out at what he saw as excessive salaries paid to Mr. Leung and his team at the expense of Peregrine's creditors. He also bristled at being presented with what was essentially a done deal and noted that Mr. Leung and BNP broke a confidentiality agreement on the pending sale of the Peregrine business just one working day after they had signed it.
Still, the judge said he felt he had little choice but to sign the deal, despite a competing offer for all of Peregrine's remaining businesses from Banco Santander, of Spain. That bank eventually bought much of the non-China equities business.
Now Mr. Leung sails on in a new job with close to double the base salary he earned at Peregrine as one of Hong Kong's most extraordinary careers in finance continues.
After spending five years at the University of Toronto, earning an undergraduate degree in commerce in 1979 and an MBA in 1980, he returned to take a job at a Hong Kong stock brokerage. After a stop at Citicorp, he co-founded Peregrine in



Francis Leung, left, shaking hands with two of his new BNP colleagues in Hong Kong, Didier Balme, center, and Hsieh Fu Hua.

1988 with Philip Tose, who served as chairman, and the two went on to make themselves millions of dollars selling red chips and creating a market for Asian bonds.
Peregrine went on to become the largest homegrown Asian investment bank outside Japan, as well as one of the most swashbuckling symbols of the Asian financial boom of the 1990s.
A brilliant stock salesman and underwriter he may be, but aside from his big Rolodex of Chinese industrialists and ministers, Mr. Leung has shown himself to be a hands-off manager, notwithstanding BNP's promise last month that he will have "a great deal of autonomy."
When Peregrine founded this year after it lent more than a quarter of the investment bank's capital to a single creditor in Indonesia, Mr. Leung and his supporters said that he had little or no involvement in that side of Peregrine's business.
"I don't want to discuss Peregrine anymore," he said in an interview last week, although moments later he was

fondly recalling Peregrine's pioneering role in creating a market for Chinese stocks in Hong Kong. In an earlier interview with a local paper, he said he had only become aware of the Indonesian loan "at a very late stage."
Staying focused on China stocks made Mr. Leung a heap of money, and he stands to make plenty more. This month's judgment revealed that in moving to BNP, Mr. Leung had his monthly base salary increased from 167,000 Hong Kong dollars (\$21,576) to 300,000 dollars, a comparison Mr. Leung has called "unfair," since most of his pay — \$3 million in 1996 — came in the form of bonuses.
Mr. Leung and BNP came under criticism in court because the French bank paid close to half the \$17.3 million purchase price for Peregrine in the form of staff bonuses. That degree of generosity, Judge Rogers said, was probably unnecessary given the hundreds of firms now taking place in Hong Kong's financial industry as a

See LEUNG, Page 15

8,200 Jobs to Vanish As Boeing Cuts Back

Firm to Shut 15% of Plants and Labs by 2000

Compiled by Our Staff From Dispatches
SEATTLE — Boeing Co. said Friday that it would cut 8,200 jobs, bringing the aerospace company's number of jobs lost to more than 20,000 in four months as it seeks to reduce costs after two large acquisitions.
The company also will close about 15 percent of its plants and laboratories by the year 2000 as it digests its purchases of McDonnell Douglas Corp. and the defense operations of Rockwell International Inc. No charges will be taken in relation to the moves.
The cuts contrast with Boeing's position last year, when it had to hire 17,000 workers to ease assembly-line bottlenecks that forced it to halt production temporarily in October. Those problems resulted in charges of \$900 million.
The announcement Friday was regarded as a sign that management was beginning to get control of its production problems and could look toward the integration of both McDonnell Douglas and Rockwell's defense business.
"This is a major step in that it will go most of the way to getting them where they want to go in terms of margins," said Peter Aseritis, an analyst with Credit Suisse First Boston Ltd. who has a "buy" rating on the stock. "It is very positive in consolidating their defense business."
Shares of Boeing rose \$1.875 to close at \$53.3125.
Coupled with 12,000 previously announced cuts through attrition, Boeing will reduce its work force by 8.4 percent during the next two years.
Mr. Aseritis said that about 2,200 of the job cuts were likely to be in Boeing's defense activities, where consolidation

has been expected since the takeover of Rockwell International's defense business in December 1996.
Boeing will fire 6,200 workers in California and 900 in Pennsylvania.
"We are strategically realigning the use of our facilities," said the chairman and chief executive officer, Phil Condit, in a statement.
"These actions are needed to improve productivity and reduce costs." Boeing is aiming to return to profitability after last year's loss of \$178 million.
Separately, the company announced that Mr. Condit and three other top executives had their salaries frozen for 1998 because of the disappointing financial performance.
"The board wanted to send a message," an executive said Thursday, speaking on condition of anonymity. "You didn't deliver, and we're concerned about it."
In addition to Mr. Condit, whose annual salary is \$1 million, the move affects the president and chief operating officer, Harry Stonecipher; the chief financial officer, Boyd Givan, and the commercial airplane group president, Ron Woodard.
The board also slashed bonuses paid to top executives for 1997 by up to 56 percent after the company posted its first loss in 50 years.
Overall, Mr. Condit got \$1.6 million in salary, bonus and other compensation last year, virtually unchanged from the \$1.65 million he got in 1996, according to a proxy statement filed on Friday with the Securities and Exchange Commission.
Mr. Woodard saw his total compensation fall to about \$727,000 from \$880,000. (Bloomberg, Reuters)

Mediaset-BSkyB Talks End

Bloomberg News
MILAN — Silvio Berlusconi broke off talks to sell his television group, Mediaset SpA, to Rupert Murdoch's British Sky Broadcasting Group PLC after the two companies could not agree on a price, a person familiar with the talks said.
A spokeswoman in New York for Mr. Murdoch's News Corp., which controls BSkyB, confirmed that the talks had ended but declined to say why. A spokeswoman for BSkyB in London declined to comment on the matter.
Mr. Murdoch offered to buy Mr. Berlusconi's 50.6 percent stake in the Mediaset, the operator of Italy's three largest private television stations, for about 10,000 lire (\$5.50) per share, a banker familiar with the talks said.
But Mr. Berlusconi was said to have

wanted at least 12,000 lire for the shares, which fell 190 to close at 12,150 on Friday.
For Mr. Berlusconi, the former prime minister of Italy and the leader of the Forza Italia party, a sale of Mediaset shares was seen as a way to blunt accusations of conflict of interest that have dogged his political career since his rise to power in 1994. For Mr. Murdoch, an alliance with Mediaset would have been an avenue to 60 million potential viewers.
In November, Mr. Berlusconi said in an interview with *Panorama* magazine that he was "sometimes tempted to put an end to all this controversy" by selling his Mediaset stake. Mr. Murdoch was in talks to buy Mediaset in May 1995, but they fell through after Mr. Berlusconi refused to cede control.

ECONOMIC SCENE

After Rough Asian Storm, Russia Hit by Falling Oil Prices

By Michael R. Gordon
New York Times Service

MOSCOW — Just as Russia appears to have weathered the economic turmoil that has battered Asia, it is facing a new threat: falling oil prices.
The decline in the world price for oil is expected to result in billions of dollars in lost tax revenue. It is hurting Russia's major oil companies and making it harder for them to make needed investments.
It is also prompting Russian officials to reduce their projections of economic growth, a development that has important political as well as financial importance.
Pro-capitalist politicians are eager to generate steady economic growth before Russia's 1999 parliamentary elections and the presidential election in 2000. Such expan-

sion would make it easier for them to counter their Communist and nationalist rivals.
Anatoli Chubais, the reform-minded first deputy prime minister, said Thursday that he now expected Russia's gross domestic product to grow by 1.2 percent, to 2.5 percent this year. Previously, he simply said it would grow.
"The figure would be higher if there were no fall in oil prices," Mr. Chubais said.
"The decline of the oil price is a serious problem for Russia and the national economy."
Some Western economists say Russia will be lucky if its GDP grows by 1 percent this year.
Politically, Russia's leading reformers — Mr. Chubais and the other first deputy prime minister, Boris Nemtsov — have held onto their government posts even

though their adversaries are legion and their authority has been somewhat reduced.
For Russia, the timing of the price drop has been particularly bad. After years of steady decline, the Russian economy stabilized last year. And this was supposed to be the year when the economy finally began to take off.
The conditions for modest growth appeared to be in place. After a slow start, Russia's central bank adeptly handled the global economic crisis that threatened the stability of the ruble. Russia's Finance Ministry managed to satisfy the International Monetary Fund and the World Bank and keep their money flowing.
The world oil market then collapsed. Rich in natural resources, Russia exported about \$22 billion in oil and

petroleum products last year. But as a result of the price decline, Russian oil that had been selling for about \$17 a barrel now goes for about \$11, according to Stephen O'Sullivan, an analyst at M.C. Securities in London.
The lower price has been a major setback. Mr. O'Sullivan said it could lead to a 25 percent reduction in company profits and less money for upgrading the industry's aging infrastructure and developing new deposits.
Yukos, Russia's largest oil company, said it was reducing oil production by 5 percent and cutting back on personnel to cope with the falling prices. The decline has also become a major headache for the Russian government.
"This has significant negative potential," said Charles Blitzer, director of emerging-

market research for the brokerage Donaldson, Lufkin & Jenrette. "It is not a real killer yet, but I do not think the government has thought through all the implications."
According to Mr. Blitzer, the decline in oil prices is likely to result in a \$3.5 billion loss in government revenue. Not only will tax receipts from oil exports drop, but the government may receive a lower price for the state-owned oil company, RAO Rosneft, in an upcoming privatization.
Bond Sales Planned
Russia plans to borrow

\$9.6 billion this year from international lenders through a combination of bond sales and loans, Deputy Finance Minister Mikhail Kasaynov said Friday, Bloomberg News reported from London.
The government will sell between \$3.5 billion and \$4 billion in bonds in 1998, beginning this week with the sale of at least 1 billion Deutsche marks (\$546.7 million) in eurobonds and as much as 2 billion DM in seven-year bonds yielding 460 to 480 basis points more than German government securities, said bankers involved in the sale.

Russia Sets \$2.1 Billion Price For 75% of Rosneft Oil Giant

Bloomberg News
MOSCOW — The Russian government set a higher-than-expected minimum asking price for a controlling stake in RAO Rosneft, the last major oil company it controls.
Moscow wants at least 12.79 billion rubles (\$2.1 billion) for 75 percent of the company, which has more oil and gas reserves than British Petroleum PLC, though only a fraction of its production. Western securities firms had estimated the entire company was worth from \$1 billion to \$2 billion.
Some major Russian companies have said they were considering joint bids with large Western oil firms.
The Russian oil company AO Sidanco may bid with British Petroleum; RAO Gazprom, the huge Russian gas company, has said it is considering a bid with the Royal Dutch/Shell Group, and AO Yukos Oil Co., Russia's largest oil company, also has expressed interest.
The government plans to accept bids between March 24 and May 26. It is scheduled to announce the winner May 29.

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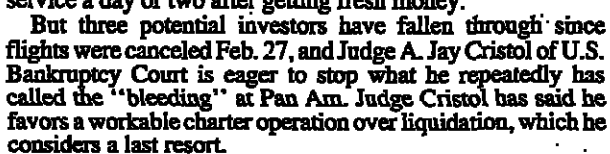
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British	1.65	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Canadian	1.37	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
French	166.37	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
German	1.63	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Italian	1.93	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Japanese	146.35	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
Swiss	1.48	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68
U.K.	1.65	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Yen	146.35	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
Libor-Libor Rates <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td>									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
15-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
21-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Key Money Rates <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td>									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
15-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
21-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Other Dollar Values <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td>									
	1 U.S. \$	1 U.S. \$	1 U.S. \$	1 U.S. \$	1 U.S. \$	1 U.S. \$	1 U.S. \$	1 U.S. \$	1 U.S. \$
Australian	76.46	1.00	1.00	0.983	0.983	0.983	0.983	0.983	0.983
British	1.65	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Canadian	1.37	0.73	0.73	0.73	0.73	0.73	0.73	0.73	0.73
French	166.37	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
German	1.63	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Italian	1.93	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Japanese	146.35	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
Swiss	1.48	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68
U.K.	1.65	0.61	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Yen	146.35	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
Forward Rates <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td> <td data-kind="ghost"></td>									
	1-month	3-month	6-month	9-month	12-month	15-month	18-month	21-month	24-month
1-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
9-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
12-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
15-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
18-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
21-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
24-month	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

ADVERTISING
Schlumberger
NOTICE OF ANNUAL GENERAL MEETING OF STOCKHOLDERS
Notice is hereby given that the Annual General Meeting of Stockholders of SCHLUMBERGER LIMITED (Schlumberger N.V.) will be held at the Avila Beach Hotel, Willemstad, Curacao, Netherlands Antilles, on Wednesday 8 April, 1998, at 10:30 o'clock in the morning (Curacao time), for the following purposes:
1. To elect 12 directors.
2. To report on the course of business during the year ended December 31, 1997, to approve the Company's Consolidated Balance Sheet as at December 31, 1997, its Consolidated Statement of Income for the year ended December 31, 1997 and the declaration of dividends by the Board of Directors as reflected in the Company's 1997 Annual Report to Stockholders.
3. To approve the appointment of Price Waterhouse LLP as independent public accountants to audit the accounts of the Company for 1998.
4. To approve amendments to the Schlumberger Discounted Stock Purchase Plan.
5. To approve adoption of the Schlumberger 1998 Stock Purchase Plan.
Action will also be taken upon such other matters as may come before the meeting.
Up to 6 April, 1998 the holders of Certificates representing 5 or 100 common shares Schlumberger Limited may give voting instructions to the depositary under deposit of their certificates with the undersigned or by surrender of a deposit advice of their banks.
If no voting instructions are given the undersigned will vote for the five matters.
Copies of the notice of this Annual Meeting of Stockholders and of the Annual Report 1997 are available with undersigned.
AKTESIA ADMINISTRATIEKANTOOR B.V.
(formerly PARIBAS ADMINISTRATIEKANTOOR B.V.)
Amsterdam, March 18, 1998

VICTOIRE ARIANE
20, Boulevard Emmanuel Servais, L-2535 Luxembourg
R.C. Luxembourg B 34 296
AVIS AUX ACTIONNAIRES
Messieurs les actionnaires sont convoqués par le présent avis à l'ASSEMBLEE GENERALE ORDINAIRE DES ACTIONNAIRES qui se tiendra au siège social à Luxembourg le 31 Mars 1998 à 15h00, avec l'ordre du jour suivant:
ORDRE DU JOUR
1. Compte rendu d'activité du Conseil d'Administration pour l'exercice se terminant le 31 Décembre 1997;
2. Rapport du Réviseur d'Entreprises pour l'exercice se terminant le 31 Décembre 1997;
3. Adoption des comptes de l'exercice se terminant le 31 Décembre 1997;
4. Affectation du résultat de l'exercice se terminant le 31 Décembre 1997;
5. Décharge aux Administrateurs et au Réviseur d'Entreprises pour l'exercice se terminant le 31 Décembre 1997;
6. Réélection des organes sociaux:
- Réélection des Administrateurs;
- Réélection du Réviseur d'Entreprises;
7. Divers.
Les actionnaires sont informés qu'aucun quorum n'est requis pour cette assemblée et que les décisions sont prises à la majorité simple des actions présentes ou représentées.
Chaque action a un droit de vote.
Tout actionnaire peut voter par mandataire. A cette fin, des procurations sont disponibles au siège social et seront envoyées aux actionnaires sur demande.
Afin d'être valables, les procurations doivent être signées par les actionnaires, doivent être envoyées au siège social afin d'être reçues le jour précédant l'Assemblée à 17 heures au plus tard.
Les propriétaires d'actions au porteur, désirant participer à cette assemblée, doivent déposer leurs actions cinq jours ouvrables avant l'Assemblée au siège social de la société.
Les actionnaires désireux d'obtenir le Rapport Annuel Audité peuvent s'adresser au siège social de la société.
Fait à la société,
Société Anonyme
BANQUE DE GESTION EDMOND DE ROTHSCHILD LUXEMBOURG
20, Boulevard Emmanuel Servais
L-2535 LUXEMBOURG

هكمان النجل

U.S. Company Challenges Encryption Law



February's deficit totaled \$41.750 billion, down from the February 1997 deficit of \$44.010 billion.

in January to 1.3 trillion lire (\$4 billion). Italy today has more than 200 equity mutual funds, compared

Mr. Chambers of HSBC James Capel said. "And when a bubble

worrying that the economy would slow too much or feared something even worse," said Hugh Johnson.

be disappointing, partly because of weak demand in Asia.

[illegible]

Indexes					Most Actives				
Dow Jones					NYSE				
Index	High	Low	Last	Chg.	Index	High	Low	Last	Chg.
Dow Jones	1260.81	1255.00	1258.25	+18.25	Chemical	242.00	241.00	241.00	+0.00
S&P 500	1087.24	1082.00	1085.75	+3.75	Computer	262.00	261.00	261.00	+0.00
Nasdaq	1547.75	1542.00	1547.75	+5.75	Energy	272.00	271.00	271.00	+0.00
Standard & Poors					Health	278.00	277.00	277.00	+0.00
Index	High	Low	Last	Chg.	Indust <td>282.00</td> <td>281.00</td> <td>281.00</td> <td>+0.00</td>	282.00	281.00	281.00	+0.00
Industrials	1260.81	1255.00	1258.25	+18.25	Utilities	288.00	287.00	287.00	+0.00
Transp.	729.41	725.00	729.41	+4.41	Telecom	292.00	291.00	291.00	+0.00
Utilities	226.81	224.00	226.81	+2.81	Chemical	298.00	297.00	297.00	+0.00
Energy	134.71	133.00	134.71	+1.71	Computer	302.00	301.00	301.00	+0.00
S&P 500	1087.24	1082.00	1085.75	+3.75	Energy	308.00	307.00	307.00	+0.00
Nasdaq	1547.75	1542.00	1547.75	+5.75	Health	312.00	311.00	311.00	+0.00
NYSE					Indust	318.00	317.00	317.00	+0.00
Index	High	Low	Last	Chg.	Utilities <td>322.00</td> <td>321.00</td> <td>321.00</td> <td>+0.00</td>	322.00	321.00	321.00	+0.00
Chemical	242.00	241.00	241.00	+0.00	Telecom	328.00	327.00	327.00	+0.00
Computer	262.00	261.00	261.00	+0.00	Chemical	332.00	331.00	331.00	+0.00
Energy	272.00	271.00	271.00	+0.00	Computer	338.00	337.00	337.00	+0.00
Health	278.00	277.00	277.00	+0.00	Energy	342.00	341.00	341.00	+0.00
Indust	282.00	281.00	281.00	+0.00	Health	348.00	347.00	347.00	+0.00
Utilities	288.00	287.00	287.00	+0.00	Indust	352.00	351.00	351.00	+0.00
Telecom	292.00	291.00	291.00	+0.00	Utilities	358.00	357.00	357.00	+0.00
Chemical	298.00	297.00	297.00	+0.00	Telecom	362.00	361.00	361.00	+0.00
Computer	302.00	301.00	301.00	+0.00	Chemical	368.00	367.00	367.00	+0.00
Energy	308.00	307.00	307.00	+0.00	Computer	372.00	371.00	371.00	+0.00
Health	312.00	311.00	311.00	+0.00	Energy	378.00	377.00	377.00	+0.00
Indust	318.00	317.00	317.00	+0.00	Health	382.00	381.00	381.00	+0.00
Utilities	322.00	321.00	321.00	+0.00	Indust	388.00	387.00	387.00	+0.00
Telecom	328.00	327.00	327.00	+0.00	Utilities	392.00	391.00	391.00	+0.00
Chemical	332.00	331.00	331.00	+0.00	Telecom	398.00	397.00	397.00	+0.00
Computer	338.00	337.00	337.00	+0.00	Chemical	402.00	401.00	401.00	+0.00
Energy	342.00	341.00	341.00	+0.00	Computer	408.00	407.00	407.00	+0.00
Health	348.00	347.00	347.00	+0.00	Energy	412.00	411.00	411.00	+0.00
Indust	352.00	351.00	351.00	+0.00	Health	418.00	417.00	417.00	+0.00
Utilities	358.00	357.00	357.00	+0.00	Indust	422.00	421.00	421.00	+0.00
Telecom	362.00	361.00	361.00	+0.00	Utilities	428.00	427.00	427.00	+0.00
Chemical	368.00	367.00	367.00	+0.00	Telecom	432.00	431.00	431.00	+0.00
Computer	372.00	371.00	371.00	+0.00	Chemical	438.00	437.00	437.00	+0.00
Energy	378.00	377.00	377.00	+0.00	Computer	442.00	441.00	441.0	

Range High Low Latest Chge Opt'd					High Low Latest Chge Opt'd					High Low Latest Chge Opt'd														
RAILROAD STOCK (NYSE)																								
5,000 Bk. shares per 100																								
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			
Attn: N.Y.	114.60	107.70	109.80	+1.25	71.60																			

A British City Abuzz Over Euro

York Meeting for EU Officials Primes Britons for New Currency

By Barry James
International Herald Tribune

YORK, England — This medieval city gave the proposed European single currency, the euro, a better reception Friday than an earlier attempt to introduce a new coinage in the realm about 1,200 years ago.

Back in the eighth century, York rejected an attempt to introduce a new silver coin used elsewhere in the Carolingian empire and went on minting its own coinage until a Viking invasion put an end to such independence.

The city and local traders spent hundreds of thousands of pounds, however, to welcome European Union finance ministers and central bank governments this weekend to a two-day informal meeting — an event so humdrum that usually it has difficulty raising a yawn.

The meeting here, while lacking substance, formed part of the general excitement leading up to the selection May 2 of countries that will form the single currency zone, the naming of a president of the new European Central Bank and the irrevocable setting of conversion rates between national currencies and the euro.

On Wednesday, the European Commission, the EU executive

body, will give its opinion on which countries meet the criteria for joining the euro zone.

Observers said the lavishly organized York meeting, which began Friday, appeared to be part of a public relations campaign to prepare the population to accept the euro one day while not yet making a commitment to join.

The chancellor of the Exchequer, Gordon Brown, said that Economic and Monetary Union was not on the agenda. Nor was the question of who should head the central bank. Both France and the Netherlands have proposed candidates — Jean-Claude Trichet and Wim Duisenberg — for the most important economic job in Europe.

As president of the EU until June 30, Britain would be the logical country to mediate the conflict over the bank's leadership, but Mr. Brown commented merely that a decision does not have to be taken before May.

At the same time, Mr. Brown is powerless to stop the countries within the single-currency zone from setting up a council to coordinate their policies, without Britain. EU sources said the informal council probably would gather just before a meeting of finance ministers in

Brussels on May 19 to discuss the relationship between the zone and the rest of the world.

Mr. Brown was sticking to an apparently anodyne agenda, including the need to develop more efficiency in capital markets.

The Labour government has said it would not make a decision on joining the single currency until after the next general election, probably in 2002.

If the euro gains quickly in importance and credibility, however, British manufacturers will find it increasingly difficult to remain outside the single-currency zone. For example, like other companies in the Swiss-owned Nestle group, Nestle-Rowntree Division of York, the biggest manufacturer in the city, plans to adopt the single currency for internal accounting at the earliest possible opportunity on Jan. 1.

"We are not asking our U.K. suppliers to invoice us in euros, but I think there'll be an inevitable movement in that direction," said Peter Blackburn, chairman of Nestle UK Ltd.

In York, signs went up all over town to publicize the so-called "ecofin" — economy and finance — meeting. A blue and gold EU flag flew from the flagpole on top of the York Minster. Residents seemed be-



A demonstrator protesting against the euro outside the assembly hall in York on Friday.

mused by all the fuss.

Mr. Brown said Britons were more willing now to look at the "economic benefits and consequences" of monetary union.

However, demonstrators began massing outside the assembly hall where the ministers were meeting, proclaiming: "No euro. Keep our pound."

Peter Addyman, director of the York Archaeological Trust, said it was all reminiscent of the attempts to keep out the silver Carolingian penny that was used over much of the present Union.

Steel Groups Strut Stuff In Germany

Compiled by Our Staff From Dispatches

BONN — The steel and engineering groups Thyssen and Krupp continued their merger tango Friday, both announcing favorable earnings data and hoping for an advantage in the sticky question of what each is worth.

The merger, expected to be completed in the autumn, will create one of Europe's largest steel groups, with 186,000 employees and annual sales of 70 billion Deutsche marks (\$38.2 billion).

Fried. Krupp AG Hoesch-Krupp said its group net profit more than doubled in 1997, to 437 million DM from 208 DM the year before. Sales rose 5 percent, to 25.1 billion DM.

Krupp also said it would raise its dividend to 8 DM from 5 DM.

Thyssen AG, the larger of the two, said at its annual shareholders meeting that income from ordinary activities more than doubled to 1.5 billion DM in the year ended last September and that it expected income from ordinary activities to show further improvement this year.

Thyssen said it expected sales to rise to 45 billion DM in the current financial year, from 40.8 billion the previous year.

Thyssen and Krupp, which will be known as Thyssen Krupp AG after the merger, agreed to combine their flat-steel units last summer and have been negotiating a full merger since then. The question of relative valuations is the last remaining major hurdle to the fusion.

The Thyssen supervisory board chief, Heinz Kriwet, dismissed a report of differences with executive management and said his company should be worth from 65 to 68.3 percent of the merged entity.

Key Krupp shareholders want to keep a "blocking minority" of 25 percent in the new company, while Thyssen shareholders hope to prevent that.

Eikehard Schulz, the designated co-chief executive of Thyssen Krupp, said an independent team would complete an assessment of the value of the two companies by the summer.

"The interests of Thyssen shareholders will certainly not be neglected in the merger," he said.

Krupp shares closed Friday at 365.50 DM, up 6.80 DM. Thyssen shares closed at 430 DM, up 50 pfennig. (Bloomberg, Reuters)

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
5000	6000	3750		
4700	5750	3500		
4400	5500	3250		
4100	5250	3000		
3800	5000	2750		
3500	4750	2500		
O N D J F M	O N D J F M	O N D J F M		
1997	1997	1997		
1998	1998	1998		
Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam AEX	1,120.98	1,101.69	1,176	
Brussels BEL-20	2,997.78	2,924.86	+1.47	
Frankfurt DAX	5,001.55	4,986.32	+1.32	
Copenhagen Stock Market	744.98	737.78	+0.69	
Helsinki HEX Helsinki	4,586.75	4,578.14	+0.19	
Lisbon BOV	728.49	730.40	-0.30	
London FTSE 100	5,956.30	5,957.90	-0.26	
Madrid Stock Exchange	850.08	827.06	+2.78	
Paris CAC 40	3,688.91	3,688.68	+0.01	
Stockholm SX 15	3,320.77	3,388.48	+0.57	
Zurich SPI	1,448.18	1,430.97	+0.85	
Source: Teletels				

Very briefly:

- Greece's civil servants' union said it would call a general strike during the first week of April over government plans for public sector reform; the ADEDY union said it wanted a say in the government's move to merge or abolish public-sector enterprises.
- Ford Motor Co. said it would invest 33 billion Belgian francs (\$87.4 million) in its assembly plant in Genk, northeast Belgium, confirming reports in Belgian newspapers; a Ford spokesman said the investment would be spread over several years and would be used "in line with new models" of its Mondeo saloon cars and Transit vans.
- Canal Plus SA shares fell after Europe's biggest pay-television operator posted a 1997 loss and said it did not expect the number of French subscribers to rise after this year.
- Motorola Inc. said it would boost investment and add about 1,000 jobs in Germany this year, as the maker of semi-conductors and mobile phones moves to strengthen its position in Europe's largest market.
- International regulators warned financial institutions to improve the security of electronic retail banking or face the potentially expensive consequences; a study released by the Basel Committee on Banking Supervision, a group of regulators from 11 major industrial countries, said the dangers ranged from electronic counterfeiting to high-tech break-ins.
- Two joint ventures will each sign deals this week worth \$500 million with Turk Telekom to operate two GSM networks for 25 years, a senior transport official said.
- Aeroporti di Roma SpA leads a group that agreed to buy 20 percent of the Airports Co. of South Africa for \$19 million (and \$165 million), in the government's second major asset sale since the end of apartheid in 1994.
- The Czech Republic's February trade deficit widened at the slowest monthly pace in two-and-a-half years, as exports rose faster than imports on higher demand for Czech goods in Western Europe.

Renault Is Fined Over Plant Closing

Renault

BRUSSELS — A Belgian court on Friday fined the president of Renault SA for mismanaging the closure of the company's plant at Vilvoorde, near Brussels, last year.

The court also awarded symbolic damages of one franc to the Belgian unions that mounted a fruitless bid to prevent the plant's closure and the loss of 3,100 jobs.

The Renault president, Louis Schweitzer, was not in court to hear the ruling. He was ordered to pay 10 million Belgian francs (\$264,000). The company has 15 days to appeal.

The court ruled that Renault had broken the law by failing to give adequate notice to plant employees of its February 1996 decision to shut the factory.

EU Presses Credit Lyonnais To Sell More Retail Operations

Compiled by Our Staff From Dispatches

BRUSSELS — The European Commission is putting pressure on Credit Lyonnais to sell more of its European retail banking operations, sources said Friday.

Credit Lyonnais Belgium should have been sold already under the terms of a 1995 restructuring plan, a source close to the European Union's competition commissioner, Karel Van Miert, said Friday. The terms forced the French state-owned bank to divest itself of 50 percent of its European retail network.

There has been much speculation in the press about whether the profitable Belgian operations of the French bank would have to go as part of new sacrifices in return for the commission's blessing for further government rescue measures.

In 1995, the commission allowed France to spend as much as 45 bil-

Takeover Offers Lift Savoy Stock

Bloomberg News

LONDON — Savoy Hotel PLC said Friday it received "a number" of takeover offers, possibly adding the 109-year-old London luxury chain to a list of hotels changing hands as operators try to build worldwide chains.

The company, which runs the Savoy, Claridge's, Connaught and Berkeley hotels, all in London, has received at least five bids in the range of £500 million (\$800 million) or more, a person familiar with the talks said.

The British leisure company Granada Group PLC owns 68 percent of the Savoy. Savoy shares rose 255 pence to close at £17.50 in London. Granada shares rose 39 pence to £10.35.

WORLD STOCK MARKETS

Friday, March 20

Prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 1,120.98

Brussels BEL-20 Index: 2,997.78

Frankfurt DAX Index: 5,001.55

London FTSE 100 Index: 5,956.30

Madrid Stock Exchange: 850.08

Paris CAC 40 Index: 3,688.91

Stockholm SX 15 Index: 3,320.77

Zurich SPI Index: 1,448.18

High Low Close Prev.

Deutsche Bank AG

Deutsche Telekom AG

Deutsche Post AG

Deutsche Telekom AG

Deutsche Telekom AG

Deutsche Telekom AG

Deutsche Telekom AG

Deutsche Telekom AG

Deutsche Telekom AG

Deutsche Telekom AG

Deutsche Telekom AG

High Low Close Prev.

Thyssen AG

Krupp AG

Thyssen AG

Krupp AG

Thyssen AG

Krupp AG

Thyssen AG

Krupp AG

Thyssen AG

Krupp AG

Thyssen AG

High Low Close Prev.

Stockholm SX 15 Index: 3,320.77

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Frankfurt DAX Index: 5,001.55

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High Low Close Prev.

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Krupp AG

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Zurich SPI Index: 1,448.18

NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

High	Low	Stock	Div Yld	PE	100% High	Low	Latest	Chg
124.00	123.00	Alcoa	1.20	15.0	124.00	123.00	123.00	0.00
123.00	122.00	Alcoa	1.20	15.0	123.00	122.00	122.00	0.00
122.00	121.00	Alcoa	1.20	15.0	122.00	121.00	121.00	0.00
121.00	120.00	Alcoa	1.20	15.0	121.00	120.00	120.00	0.00
120.00	119.00	Alcoa	1.20	15.0	120.00	119.00	119.00	0.00
119.00	118.00	Alcoa	1.20	15.0	119.00	118.00	118.00	0.00
118.00	117.00	Alcoa	1.20	15.0	118.00	117.00	117.00	0.00
117.00	116.00	Alcoa	1.20	15.0	117.00	116.00	116.00	0.00
116.00	115.00	Alcoa	1.20	15.0	116.00	115.00	115.00	0.00
115.00	114.00	Alcoa	1.20	15.0	115.00	114.00	114.00	0.00
114.00	113.00	Alcoa	1.20	15.0	114.00	113.00	113.00	0.00
113.00	112.00	Alcoa	1.20	15.0	113.00	112.00	112.00	0.00
112.00	111.00	Alcoa	1.20	15.0	112.00	111.00	111.00	0.00
111.00	110.00	Alcoa	1.20	15.0	111.00	110.00	110.00	0.00
110.00	109.00	Alcoa	1.20	15.0	110.00	109.00	109.00	0.00
109.00	108.00	Alcoa	1.20	15.0	109.00	108.00	108.00	0.00
108.00	107.00	Alcoa	1.20	15.0	108.00	107.00	107.00	0.00
107.00	106.00	Alcoa	1.20	15.0	107.00	106.00	106.00	0.00
106.00	105.00	Alcoa	1.20	15.0	106.00	105.00	105.00	0.00
105.00	104.00	Alcoa	1.20	15.0	105.00	104.00	104.00	0.00
104.00	103.00	Alcoa	1.20	15.0	104.00	103.00	103.00	0.00
103.00	102.00	Alcoa	1.20	15.0	103.00	102.00	102.00	0.00
102.00	101.00	Alcoa	1.20	15.0	102.00	101.00	101.00	0.00
101.00	100.00	Alcoa	1.20	15.0	101.00	100.00	100.00	0.00
100.00	99.00	Alcoa	1.20	15.0	100.00	99.00	99.00	0.00
99.00	98.00	Alcoa	1.20	15.0	99.00	98.00	98.00	0.00
98.00	97.00	Alcoa	1.20	15.0	98.00	97.00	97.00	0.00
97.00	96.00	Alcoa	1.20	15.0	97.00	96.00	96.00	0.00
96.00	95.00	Alcoa	1.20	15.0	96.00	95.00	95.00	0.00
95.00	94.00	Alcoa	1.20	15.0	95.00	94.00	94.00	0.00
94.00	93.00	Alcoa	1.20	15.0	94.00	93.00	93.00	0.00
93.00	92.00	Alcoa	1.20	15.0	93.00	92.00	92.00	0.00
92.00	91.00	Alcoa	1.20	15.0	92.00	91.00	91.00	0.00
91.00	90.00	Alcoa	1.20	15.0	91.00	90.00	90.00	0.00
90.00	89.00	Alcoa	1.20	15.0	90.00	89.00	89.00	0.00
89.00	88.00	Alcoa	1.20	15.0	89.00	88.00	88.00	0.00
88.00	87.00	Alcoa	1.20	15.0	88.00	87.00	87.00	0.00
87.00	86.00	Alcoa	1.20	15.0	87.00	86.00	86.00	0.00
86.00	85.00	Alcoa	1.20	15.0	86.00	85.00	85.00	0.00
85.00	84.00	Alcoa	1.20	15.0	85.00	84.00	84.00	0.00
84.00	83.00	Alcoa	1.20	15.0	84.00	83.00	83.00	0.00
83.00	82.00	Alcoa	1.20	15.0	83.00	82.00	82.00	0.00
82.00	81.00	Alcoa	1.20	15.0	82.00	81.00	81.00	0.00
81.00	80.00	Alcoa	1.20	15.0	81.00	80.00	80.00	0.00
80.00	79.00	Alcoa	1.20	15.0	80.00	79.00	79.00	0.00
79.00	78.00	Alcoa	1.20	15.0	79.00	78.00	78.00	0.00
78.00	77.00	Alcoa	1.20	15.0	78.00	77.00	77.00	0.00
77.00	76.00	Alcoa	1.20	15.0	77.00	76.00	76.00	0.00
76.00	75.00	Alcoa	1.20	15.0	76.00	75.00	75.00	0.00
75.00	74.00	Alcoa	1.20	15.0	75.00	74.00	74.00	0.00
74.00	73.00	Alcoa	1.20	15.0	74.00	73.00	73.00	0.00
73.00	72.00	Alcoa	1.20	15.0	73.00	72.00	72.00	0.00
72.00	71.00	Alcoa	1.20	15.0	72.00	71.00	71.00	0.00
71.00	70.00	Alcoa	1.20	15.0	71.00	70.00	70.00	0.00
70.00	69.00	Alcoa	1.20	15.0	70.00	69.00	69.00	0.00
69.00	68.00	Alcoa	1.20	15.0	69.00	68.00	68.00	0.00
68.00	67.00	Alcoa	1.20	15.0	68.00	67.00	67.00	0.00
67.00	66.00	Alcoa	1.20	15.0	67.00	66.00	66.00	0.00
66.00	65.00	Alcoa	1.20	15.0	66.00	65.00	65.00	0.00
65.00	64.00	Alcoa	1.20	15.0	65.00	64.00	64.00	0.00
64.00	63.00	Alcoa	1.20	15.0	64.00	63.00	63.00	0.00
63.00	62.00	Alcoa	1.20	15.0	63.00	62.00	62.00	0.00
62.00	61.00	Alcoa	1.20	15.0	62.00	61.00	61.00	0.00
61.00	60.00	Alcoa	1.20	15.0	61.00	60.00	60.00	0.00
60.00	59.00	Alcoa	1.20	15.0	60.00	59.00	59.00	0.00
59.00	58.00	Alcoa	1.20	15.0	59.00	58.00	58.00	0.00
58.00	57.00	Alcoa	1.20	15.0	58.00	57.00	57.00	0.00
57.00	56.00	Alcoa	1.20	15.0	57.00	56.00	56.00	0.00
56.00	55.00	Alcoa	1.20	15.0	56.00	55.00	55.00	0.00
55.00	54.00	Alcoa	1.20	15.0	55.00	54.00	54.00	0.00
54.00	53.00	Alcoa	1.20	15.0	54.00	53.00	53.00	0.00
53.00	52.00	Alcoa	1.20	15.0	53.00	52.00	52.00	0.00
52.00	51.00	Alcoa	1.20	15.0	52.00	51.00	51.00	0.00
51.00	50.00	Alcoa	1.20	15.0	51.00	50.00	50.00	0.00
50.00	49.00	Alcoa	1.20	15.0	50.00	49.00	49.00	0.00
49.00	48.00	Alcoa	1.20	15.0	49.00	48.00	48.00	0.00
48.00	47.00	Alcoa	1.20	15.0	48.00	47.00	47.00	0.00
47.00	46.00	Alcoa	1.20	15.0	47.00	46.00	46.00	0.00
46.00	45.00	Alcoa	1.20	15.0	46.00	45.00	45.00	0.00
45.00	44.00	Alcoa	1.20	15.0	45.00	44.00	44.00	0.00
44.00	43.00	Alcoa	1.20	15.0	44.00	43.00	43.00	0.00
43.00	42.00	Alcoa	1.20	15.0	43.00	42.00	42.00	0.00
42.00	41.00	Alcoa	1.20	15.0	42.00	41.00	41.00	0.00
41.00	40.00	Alcoa	1.20	15.0	41.00	40.00	40.00	0.00
40.00	39.00	Alcoa	1.20	15.0	40.00	39.00	39.00	0.00
39.00	38.00	Alcoa	1.20	15.0	39.00	38.00	38.00	0.00
38.00	37.00	Alcoa	1.20	15.0	38.00	37.00	37.00	0.00
37.00	36.00	Alcoa	1.20	15.0	37.00	36.00	36.00	0.00
36.00	35.00	Alcoa	1.20	15.0	36.00	35.00	35.00	0.00
35.00	34.00	Alcoa	1.20	15.0	35.00	34.00	34.00	0.00
34.00	33.00	Alcoa	1.20	15.0	34.00	33.00	33.00	0.00
33.00	32.00	Alcoa	1.20	15.0	33.00	32.00	32.00	0.00
32.00	31.00	Alcoa	1.20	15.0	32.00	31.00	31.00	0.00
31.00	30.00	Alcoa	1.20	15.0	31.00	30.00	30.00	0.00
30.00	29.00	Alcoa	1.20	15.0	30.00	29.00	29.00	0.00
29.00	28.00	Alcoa	1.20	15.0	29.00	28.00	28.00	0.00
28.00	27.00	Alcoa	1.20	15.0	28.00	27.00	27.00	0.00
27.00	26.00	Alcoa	1.20	15.0	27.00	26.00	26.00	0.00
26.00	25.00	Alcoa	1.20	15.0	26.00	25.00	25.00	0.00
25.00	24.00	Alcoa	1.20	15.0	25.00	24.00	24.00	0.00
24.00	23.00	Alcoa	1.20	15.0	24.00	23.00	23.00	0.00
23.00	22.00	Alcoa	1.20	15.0	23.00	22.00	22.00	0.00
22.00	21.00	Alcoa	1.20	15.0	22.00	21.00	21.00	0.00
21.00	20.00	Alcoa	1.20	15.0	21.00	20.00	20.00	0.00
20.00	19.00	Alcoa	1.20	15.0	20.00	19.00	19.00	0.00
19.00	18.00	Alcoa	1.20	15.0	19.00	18.00	18.00	0.00
18.00	17.00	Alcoa	1.20	15.0	18.00	17.00	17.00	0.00
17.00	16.00	Alcoa	1.20	15.0	17.00	16.00	16.00	0.00
16.00	15.00	Alcoa	1.20	15.0	16.00	15.00	15.00	0.00
15.00	14.00	Alcoa	1.20	15.0	15.00	14.00	14.00	0.00
14.00	13.00	Alcoa	1.20	15.0	14.00	13.00	13.00	0.00
13.00	12.00	Alcoa	1.20	15.0	13.00	12.00	12.00	0.00
12.00	11.00	Alcoa	1.20	15.0	12.00	11.00	11.00	0.00
11.00	10.00	Alcoa	1.20	15.0	11.00	10.00	10.00	0.00
10.00	9.00	Alcoa	1.20	15.0	10.00	9.00	9.00	0.00
9.00	8.00	Alcoa	1.20	15.0	9.00	8.00	8.00	0.00
8.00	7.00	Alcoa	1.20	15.0	8.00	7.00	7.00	0.00
7.00	6.00	Alcoa	1.20	15.0	7.00	6.00	6.00	0.00
6.00	5.00	Alcoa	1.20	15.0	6.00	5.00	5.00	0.00
5.00	4.00	Alcoa	1.20	15.0	5.00	4.00	4.00	0.00
4.00	3.00	Alcoa	1.20	15.0	4.00	3.00	3.00	0.00
3.00	2.00	Alcoa	1.20	15.0	3.00	2.00	2.00	0.00
2.00	1.00	Alcoa	1.20	15.0	2.00	1.00	1.00	0.00
1.00	0.00	Alcoa	1.20	15.0	1.00	0.00	0.00	0.00

High	Low	Stock	Div	Yld	PE	100% High	Low	Latest	Chg
124.00	123.00	Alcoa	1.20	15.0	124.00	123.00	123.00	123.00	0.00
123.00	122.00	Alcoa	1.20	15.0	123.00	122.00	122.00	122.00	0.00
122.00	121.00	Alcoa	1.20	15.0	122.00	121.00	121.00	121.00	0.00
121.00	120.00	Alcoa	1.20	15.0	121.00	120.00	120.00	120.00	0.00
120.00	119.00	Alcoa	1.20	15.0	120.00	119.00	119.00	119.00	0.00
119.00	118.00	Alcoa	1.20	15.0	119.00	118.00	118.00	118.00	0.00
118.00	117.00	Alcoa	1.20	15.0	118.00				
117.00	116.00	Alcoa	1.20	15.0	117.00				
116.00	115.00	Alcoa	1.20	15.0	116.00				
115.00	114.00	Alcoa	1.20	15.0	115.00				
114.00	113.00	Alcoa	1.20	15.0	114.00				
113.00	112.00	Alcoa	1.20	15.0	113.00				
112.00	111.00	Alcoa	1.20	15.0	112.00				
111.00	110.00	Alcoa	1.20	15.0	111.00				
110.00	109.00	Alcoa	1.20	15.0	110.00				
109.00	108.00	Alcoa	1.20	15.0	109.00				
108.00	107.00	Alcoa	1.20	15.0	108.00				
107.00	106.00	Alcoa	1.20	15.0	107.00				
106.00	105.00	Alcoa	1.20	15.0	106.00				
105.00	104.00	Alcoa	1.20	15.0	105.00				
104.00	103.00	Alcoa	1.20	15.0	104.00				
103.00	102.00	Alcoa	1.20	15.0	103.00				
102.00	101.00	Alcoa	1.20	15.0	102.00				
101.00	100.00	Alcoa	1.20	15.0	101.00				
100.00	99.00	Alcoa	1.20	15.0	100.00				
99.00	98.00	Alcoa	1.20	15.0	99.00				
98.00	97.00	Alcoa	1.20	15.0	98.00				
97.00	96.00	Alcoa	1.20	15.0	97.00				
96.00	95.00	Alcoa	1.20	15.0	96.00				
95.00	94.00	Alcoa	1.20	15.0	95.00				
94.00	93.00	Alcoa	1.20	15.0	94.00				
93.00	92.00	Alcoa	1.20	15.0	93.00				
92.00	91.00	Alcoa	1.20	15.0	92.00				
91.00	90.00	Alcoa	1.20	15.0	91.00				
90.00	89.00	Alcoa	1.20	15.0	90.00				
89.00	88.00	Alcoa	1.20	15.0	89.00				
88.00	87.00	Alcoa	1.20	15.0	88.00				
87.00	86.00	Alcoa	1.20	15.0	87.00				
86.00	85.00	Alcoa	1.20	15.0	86.00				
85.00	84.00	Alcoa	1.20	15.0	85.00				
84.00	83.00	Alcoa	1.20	15.0	84.00				
83.00	82.00	Alcoa	1.20	15.0	83.00				
82.00	81.00	Alcoa	1.20	15.0	82.00				
81.00	80.00	Alcoa	1.20	15.0	81.00				
80.00	79.00	Alcoa	1.20	15.0	80.00				
79.00	78.00	Alcoa	1.20	15.0	79.00				
78.00	77.00	Alcoa	1.20	15.0	78.00				
77.00	76.00	Alcoa	1.20	15.0	77.00				
76.00	75.00	Alcoa	1.20	15.0	76.00				
75.00	74.00	Alcoa	1.20	15.0	75.00				
74.00	73.00	Alcoa	1.20	15.0	74.00				
73.00	72.00	Alcoa	1.20	15.0	73.00				
72.00	71.00	Alcoa	1.20	15.0	72.00				
71.00	70.00	Alcoa	1.20	15.0	71.00				
70.00	69.00	Alcoa	1.20	15.0	70.00				
69.00	68.00	Alcoa	1.20	15.0	69.00				
68.00	67.00	Alcoa	1.20	15.0	68.00				
67.00	66.00	Alcoa	1.20	15.0	67.00				
66.00	65.00	Alcoa	1.20	15.0	66.00				
65.00	64.00	Alcoa	1.20	15.0	65.00				
64.00	63.00	Alcoa	1.20	15.0	64.00				
63.00	62.00	Alcoa	1.20	15.0	63.00				
62.00	61.00	Alcoa	1.20	15.0	62.00				
61.00	60.00	Alcoa	1.20	15.0	61.00				
60.00	59.00	Alcoa	1.20	15.0	60.00				
59.00	58.00	Alcoa	1.20	15.0	59.00				
58.00	57.00	Alcoa	1.20	15.0	58.00				
57.00	56.00	Alcoa	1.20	15.0	57.00				
56.00	55.00	Alcoa	1.20	15.0	56.00				
55.00	54.00	Alcoa	1.20	15.0	55.00				
54.00	53.00	Alcoa	1.20	15.0	54.00				
53.00	52.00	Alcoa	1.20	15.0	53.00				
52.00	51.00	Alcoa	1.20	15.0	52.00				
51.00	50.00	Alcoa	1.20	15.0	51.00				
50.00	49.00	Alcoa	1.20	15.0	50.00				
49.00	48.00	Alcoa	1.20	15.0	49.00				
48.00	47.00	Alcoa	1.20	15.0	48.00				
47.00	46.00	Alcoa	1.20	15.0	47.00				
46.00	45.00	Alcoa	1.20	15.0	46.00				
45.00	44.00	Alcoa	1.20	15.0	45.00				
44.00	43.00	Alcoa	1.20	15.0	44.00				
43.00	42.00	Alcoa	1.20	15.0	43.00				
42.00	41.00	Alcoa	1.20	15.0	42.00				
41.00	40.00	Alcoa	1.20	15.0	41.00				
40.00	39.00	Alcoa	1.20	15.0	40.00				
39.00	38.00	Alcoa	1.20	15.0	39.00				
38.00	37.00	Alcoa	1.20	15.0	38.00				
37.00	36.00	Alcoa	1.20	15.0	37.00				
36.00	35.00	Alcoa	1.20	15.0	36.00				
35.00	34.00	Alcoa	1.20	15.0	35.00				
34.00	33.00	Alcoa	1.20	15.0	34.00				
33.00	32.00	Alcoa	1.20	15.0	33.00				
32.00	31.00	Alcoa	1.20	15.0	32.00				
31.00	30.00	Alcoa	1.20	15.0	31.00				
30.00	29.00	Alcoa	1.20	15.0	30.00				
29.00	28.00	Alcoa	1.20	15.0	29.00				
28.00	27.00	Alcoa	1.20	15.0	28.00				
27.00	26.00	Alcoa	1.20	15.0	27.00				
26.00	25.00	Alcoa	1.20	15.0	26.00				
25.00	24.00	Alcoa	1.20	15.0	25.00				
24.00	23.00	Alcoa	1.20	15.0	24.00				
23.00	22.00	Alcoa	1.20	15.0	23.00				
22.00	21.00	Alcoa	1.20	15.0	22.00				
21.00	20.00	Alcoa	1.20	15.0	21.00				
20.00	19.00	Alcoa	1.20	15.0	20.00				
19.00	18.00	Alcoa	1.20	15.0	19.00				
18.00	17.00	Alcoa	1.20	15.0	18.00				
17.00	16.00	Alcoa	1.20	15.0	17.00				
16.00	15.00	Alcoa	1.20	15.0	16.00				
15.00	14.00	Alcoa	1.20	15.0	15.00				
14.00	13.00	Alcoa	1.20	15.0	14.00				
13.00	12.00	Alcoa	1.20	15.0	13.00				
12.00	11.00	Alcoa	1.20	15.0	12.00				
11.00	10.00	Alcoa	1.20	15.0	11.00				
10.00	9.00	Alcoa	1.20	15.0	10.00				
9.00	8.00	Alcoa	1.20	15.0	9.00				
8.00	7.00	Alcoa	1.20	15.0	8.00				
7.00	6.00	Alcoa	1.20	15.0	7.00				
6.00	5.00	Alcoa	1.20	15.0	6.00				
5.00	4.00	Alcoa	1.20	15.0	5.00				
4.00	3.00	Alcoa	1.20	15.0	4.00				
3.00	2.00	Alcoa	1.20	15.0	3.00				
2.00	1.00	Alcoa	1.20	15.0	2.00				
1.00	0.00	Alcoa	1.20	15.0	1.00				
0.00		Alcoa	1.20	15.0	0.00				

ASIA/PACIFIC

Will India Finally Yield to Pressure on Patent Protection?

By Miriam Jordan
Special to the Herald Tribune

NEW DELHI—First, an American university patented the healing properties of turmeric powder, cherished in India since ancient times for its power to cure wounds. Now Delhi challenged the patent and won last year.

Now, a U.S. company has obtained a patent for a new line of rice that it describes as basmati—a long-grained, aromatic variety considered indigenous to the subcontinent and exported worldwide. India is considering how to fight the move.

It is not surprising that India, endowed with a wealth of plant life and traditional lore, would treasure its intellectual property. Paradoxically, however, these complaints are coming from a country that is regarded as a major offender of intellectual property rights.

Despite international pressure, New Delhi has refused to enact patent legislation for political reasons. But such protection, experts say, is a necessary step to encourage foreign investment here. And India's tarnished reputation puts the country at a disadvantage in challenging violations overseas.

In the basmati case, the United States recently granted a patent to RiceTec, Inc., a company based in Alvin, Texas, for a strain of rice that it developed. RiceTec says that its rice boasts qualities similar to the best Indian basmati, but has a different genetic makeup.

The invention of a new type of rice does not irk India. But calling the American-grown rice basmati enrages Indian authorities and rice growers, who say it typifies Western disdain of India's scientific heritage and business interests.

Annually, India sells more than \$300 million worth of basmati to the Middle East, Europe and North America. "This is one of the best rice in the world, and it's unique to India and Pakistan," said Anil Adlakha, executive director of the All India Rice Exporters Association. "They are undercutting us."

Robin Andrews, chief executive of RiceTec, disagrees that the name basmati should apply only to rice from India and Pakistan. "We consider it to be a generic term and it is used in the patent in that sense," he said.

The Indian government is studying whether to contest the RiceTec patent in the United States. Separately, India's agricultural export promotion body is challenging RiceTec's application in Britain to register the trademark Texmati for Texas-grown rice.

On Friday, India's state-run Spices Board said it, too, had set up a committee to study ways to combat the granting of patents to traditional spices such as cardamom, coriander and fennel and their extracts in other countries, particularly the United States.

The committee will prepare a report that establishes the spices' traditional use in the country so that none can claim patent elsewhere," the board's chairman, V. Jayashankar, told Reuters.

There have been various efforts in India to establish protection for drugs and other products. In 1995, the Parliament considered a patent bill for pharmaceuticals and agrochemicals. But local drug companies lobbied fiercely against the bill,

convincing many politicians that it would spell death for their businesses and drive up the price of drugs. The frailty of subsequent coalition governments has prevented reintroduction of the bill.

"The total absence of a pharmaceutical patent in India is the biggest hurdle to investment here," said D. Bhadury, managing director of Hoechst Marion Roussel Ltd., the Indian unit of the German chemicals giant Hoechst AG.

Local drug makers pirate thousands of foreign products. Multinational pharmaceutical companies estimate that each year their industry loses about \$500 million in potential sales in India. Pfizer Inc., for one, withdrew from the Indian market drugs such as amiodipine, used to treat hypertension, and azithromycin, an antibiotic, after finding it impossible to compete with cheap copies.

Brazil attracted nearly \$1 billion in investment from pharmaceutical firms within one year of enacting a modern patent bill in 1996, according to industry estimates. Last year, Pfizer invested only \$2 million in research and development in India.

"We would have invested several times more if India had changed its legislation," said Richa Chandra, head of the clinical research division for Pfizer in India.

As a member of the World Trade Organization, India is obliged to enact patent protection for pharmaceuticals, agrochemicals and food by 2005. The new government led by the Hindu nationalist Bharatiya Janata Party has pledged to resist pressure from the trade organization. Still, trade experts expect the government to enact legislation to meet the minimum requirements of the organization.

In particular, executives express hope that international pressure on India, combined with mounting pressure from Indian companies eager to protect their own inventions, will prompt government action.

In 1994, for instance, the government bowed to pressure from India's high-tech industry to pass a modern copyright law to protect its software. But for now, with the lack of patent protection at home, Indian pharmaceutical firms are forced to seek patents for their products in the United States or Europe.

"Our scientific community is beginning to realize that a lot of their innovations are being flushed down the toilet," said Pravin Anand, an intellectual property rights lawyer in New Delhi.

In the basmati case, many experts believe that India would be in a stronger position if it had its own so-called geographical appellations bill. Such a law may have conferred on basmati rice a special status, based on the unique climate and soil of India as well as indigenous cultivation practices—making it more difficult for another country to market its own rice as basmati.

"Rather than look at these issues emotionally, let's put our systems in place—let's modernize our patent office," said Raghunath Mashelkar, a senior bureaucrat who led the team that fought the trademark dispute and who heads the team examining the basmati case. "How long can we fight these cases one by one?"

SEATTLE — SK Telecom Co. yielded to pressure from minority shareholders on Friday by promising to reserve two board seats for stockholders outside the family circle that owns the company.

Analysts said the move represented a giant step toward respecting shareholder rights in South Korea.

The country's biggest mobile-phone service provider surrendered to the demands of four funds that had threatened to turn an upcoming stockholders' meeting on Friday into a battle over minority-shareholder rights.

Analysts said the decision was a landmark in the struggle to modernize South Korean business and industry in response to rules set forth by the International Monetary Fund in December in return for its \$60 billion package that rescued the country's economy.

"It's a very positive development," said Cristoforo Rocco, manager for J. Henry Schroder, the securities firm. "It's showing that Korea is coming to grips a lot quicker than other countries with economic crisis."

"Once you come to grips with shareholder rights," Mr. Rocco added, "then you recognize that running companies for the sake of the shareholders is important."

Shares in SK Telecom, part of the SK Group, rose 31,000 won to close Friday at \$61,000 won (\$380).

Dan Howard, regional manager for the securities firm Hoare Govett Asia, predicted other major companies would have no choice but to follow the lead of SK Telecom and respect the rights of minority shareholders, who generally have had no say in company affairs.

"The trend is going to go all the way," he said. "It's inevitable. These guys are bankrupt, and they need to get out of it."

The trend indeed may be catching. Samsung Electronics Co. is expected to name a foreign director in anticipation of outside pressure to do so. Local shareholder groups are going to court in pursuit of their rights at other companies.

Although SK Telecom is not literally bankrupt, the company, like many other South Korean businesses, is struggling to pay its bills. The SK Group is burdened by a debt-to-equity ratio of nearly five to one, considerably above the national average of 3.8 to one.

SK's decision to appoint directors supported by minority shareholders was incorporated in a formal agreement with four funds that had united for their campaign under Tiger Management Inc.

The group, including the Korea Fund, the Oppenheimer Global Fund, the Oppenheimer Value Account Fund and the TEI Fund, hold nearly 10 percent of SK Telecom's stock.

The agreement also includes another key point: the right of minority shareholders to name auditors. The purpose, in accordance with the IMF as well as foreign investors, is to achieve the "transparency" needed for understanding profits, sales, losses and expenses, which have often been carefully hidden.

Outside directors will tell company executives "to start rewarding shareholders rather than rewarding friends and relatives," said Mr. Howard.

That remark reflected the sense that leaders of chaebol, or conglomerates, typically divert funds from one company to another within their group, utilize the facilities of some companies for the benefit of others and favor companies within their groups with contracts.

Lee Jee Woo, an analyst with the Federation of Korean Industries' Economic Research Institute, predicted that founding-family shareholders would lose more and more power as they sold assets to investors in order to get cash to pay off their debts. "People are worried about a lot of change," he said. "In the past, the controlling shareholders had all the power. Now the characteristic of Korean management is changing, voluntarily or involuntarily. They have to adjust."

The lack of a pharmaceutical patent in India 'is the biggest hurdle to investment.'

SK Telecom Gives In to Minority Shareholders

By Don Kirk
International Herald Tribune

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Drilling success rates are stable or rising even as companies explore in places they would not have risked a few years ago. They are finding new oil and gas reservoirs in areas they thought were uneconomical or tapped out, like the North Sea, East Texas and the Gulf of Mexico.

This technological progress has created a new balance of economic power. After years of decline, oil production by non-OPEC nations began rising in 1995. Instead of cowering at OPEC

threats, the rest of the world can now impose its own embargo, on Iraqi oil. Oil prices, even before adjusting for inflation, have fallen to the lowest levels in almost a decade, while natural gas prices have been strong.

To others in the industry, the Zilkha's success is all the more surprising because they are outsiders, Iraqis whose fortune has its origins in banking and retailing. Kheider Zilkha, Selim's father, opened a one-room bank in Baghdad in 1899, eventually expanding around the world.

In his turn, Selim founded the Mothercare retail chain, offering everything for mother and child.

In 1983, after selling that chain, he paid \$28 million for 44 percent of a company called Towner Petroleum.

"What attracted me was, I was very ignorant," Selim Zilkha said.

In 1984, after the company had taken a detour into bankruptcy, Selim Zilkha paid \$11 million more to own it all.

He renamed the company and turned it from an investor to an explorer and producer in its own right.

In the energy business, the Zilkhas' challenge was finding a niche, even as that business was heading into a depression. The opportunities they discovered began just an hour's drive south of Houston, in the Gulf of Mexico—by then known as the Dead Sea.

Major oil companies had all but abandoned a continental shelf extending an average of about 150 miles (240 kilometers) from shore. Federal leases and geological data had become exceptionally cheap.

Zilkha concentrated on buying up enough 3-D seismic data to cover almost the entire shelf, from the barrier islands of South Texas past Louisiana, Mississippi and Alabama to the Florida panhandle. To generate the data, ships bounce sound signals off underground formations. Computers translate the responses.

The practice for other exploration companies was first to decide roughly where to drill, then buy patches of data for pinpointing. Zilkha, however, offered companies that "collect the data a deal: sell us your every bit, byte and number, but at wholesale. Zilkha could then scan for the best prospects, and either gain leases on the cheap or strike exploration agreements with other leaseholders.

The result, from 1992 through last September, was a 66 percent success rate on 79 wells, more than double the industry's average.

In recent years, as others caught on to the gulf's potential, Zilkha has stayed ahead with technology investments that reached \$5 million last year. When new seismic results become available, usually to several buyers at once, Zilkha can often analyze them quickly enough to capture the choicest opportunities. And while petroleum companies tend to seek partners to share exploration risks, Selim Zilkha, confident in his company's prowess, never tires of saying, "If it's worth drilling, drill it all."

Mr. Fuad's statement Friday put the idea in the past tense.

"The currency board system was only an alternative," he said.

"The important thing is that we have to find alternatives to stabilize the exchange rate at a realistic level. We have other alternatives that are being discussed."

Mr. Fuad spoke after meeting with Hubert Neiss, the chief of the IMF delegation that began meeting with Indonesian officials in Jakarta on Thursday.

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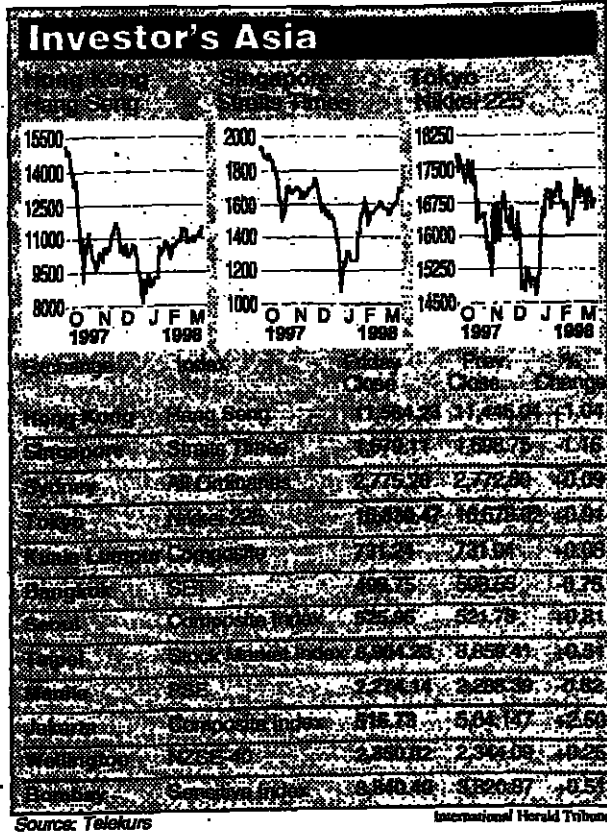
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Very briefly:

- President Enterprises Corp., Taiwan's largest food company, posted a 72 percent drop in pretax profit for February, to 110 million Taiwan dollars (\$3.4 million) from 398 Taiwan dollars in the same period a year earlier, amid rising competition.
- Nomura Securities Co.'s directors approved a sales ethics code that prohibits employees from entertaining public servants. The code is part of an overhaul designed to prevent incidents such as the bribery scandal last year.
- Singapore's exports rose 22.1 percent in February from a year ago to 29.6 billion Singapore dollars (\$18.49 billion), thanks to strong growth in sales to the United States and Europe, the Trade Development Board said.
- Broken Hill Proprietary Co. of Australia said it would take a loss of \$98 million from the sale of its Hawaiian petroleum assets to Tesoro Petroleum Corp. of the United States.
- Australia said it had received 586.7 million Australian dollars (\$389 million) from the second stage of its airport privatization plan, selling long-term leases for six of the 15 airports up for sale in the current group. Bloomberg, Reuters

Japan's Bank Chief Critiques Rates

The Associated Press

TOKYO—The new head of the Bank of Japan said Friday that years of super-low interest rates had hurt Japanese businesses.

"As an individual, I've felt that the current level of interest rates is too low," Masaru Hayami said after taking office as central bank governor, although he said that raising rates should only be considered after there was "self-sustaining" growth.

His remarks were surprising because — with economic growth stuck in low gear for years — the central bank has avoided suggestions of higher interest rates.

Ratings Cut For 4 Banks In Malaysia

Bloomberg News

KUALA LUMPUR — Four of Malaysia's biggest banks had their credit ratings cut by Fitch IBCA Ltd. on Friday, as a slump in the country's real-estate industry amid a slowing economy increased concern that bad loans would rise.

Fitch cut the ratings of Malaysian Banking Bhd., Public Bank Bhd., Bank of Commerce Bhd. and Bank Bumiputra Bhd., which is state-owned.

The downgrade comes after Finance Minister Anwar Ibrahim warned Monday that Malaysia was unlikely to achieve economic growth of 4 percent to 5 percent this year, as the government forecast in December.

The slowing economy is contributing to an increase in loan defaults at banks.

An "immediate risk for Malaysian banks is exposure to share-related lending," Fitch said.

Jardine Fleming to Link With 11 Japanese Firms

Bloomberg News

TOKYO — Jardine Fleming Holdings Ltd., one of Asia's biggest securities companies, said Friday it would join 11 Japanese companies, including Yasuda Mutual Life Insurance Co. and the trading company Marubeni Corp., in setting up a brokerage specializing in selling mutual funds in Japan.

The new company — to be called Nippon Investors Securities — will be formed next month and start business on June 1. It will be the first securities company in Japan to specialize in sales of investment trusts, and will offer both foreign and Japanese funds.

"Compared to the U.S., where methods for selling investment funds are highly diversified, brokerages were the only ones doing so in Japan," said Takashi Miyasaka, executive vice president of Jardine Fleming Investment Trust & Advisory Co.

Nippon Investors Securities will be capitalized at 1 billion yen. Mr. Miyasaka will be the executive representative.

Jardine Fleming Investment Trust, Yasuda Mutual Life Insurance, Yasuda Fire

& Marine Insurance Co., Seicom Co., Marubeni and Fuji Bank Ltd. will each hold a 10 percent stake; Yasuda Trust & Banking Co., Yasuda Investment Advisers, Dai Nippon Printing Co. and Kisei Pharmaceutical Co. will each hold 5 percent; Japan Divers Club 1 percent; other corporate shareholders will hold a combined 10 percent and company directors a combined 9 percent.

■ A Dresdner-Meiji Link
Dresdner Bank AG of Germany, seeking a major stake in the Japanese asset management market, announced Friday the merger of its local operations in the sector with Meiji Mutual Life Insurance Co., Agency France-Press reported from Tokyo.

The two companies will merge their investment advisory units, Dresdner RCM Global Investors Japan Ltd. and Meiji Capital Management Co., in the first half of the fiscal year beginning April 1.

The new firm, called Meiji Dresdner Asset Management, will be 51 percent held by the Meiji Life group and 49 percent by Dresdner, they said.

VIRTUAL: Energy Exploration Company Strikes It Rich the High-Tech Way

Continued from Page 1

Zilkha Energy's virtual invisibility suited the family that ran it. The company has never issued a press release, and its owners, father and son, have said nothing about it publicly until now.

The son, Michael Zilkha, did persuade his father, Selim, to let the company make a flickering appearance in cyberspace by starting one of the industry's first Web sites. But nowhere at that site are the owners' names mentioned.

For the Zilkhas, the company's triumph is proof of the returns possible from bringing a new approach to what seems like a mature business.

Buying huge volumes of digitized data covering most of the gulf's shelf, they hired the best geologists they could find and gave them the latest computer tools for turning all that data into drilling strikes.

While many competitors, large and small, have taken similar steps, Zilkha's success stands out in speed and scale. "It's dawned on people that the high value added is information technology, to locate hydrocarbons 10,000 feet below the surface of the earth," said Bill White, a former deputy secretary of energy. Because Zilkha recognized this, he said, "they're making more money than anyone else in the business."

Drilling success rates are stable or rising even as companies explore in places they would not have risked a few years ago. They are finding new oil and gas reservoirs in areas they thought were uneconomical or tapped out, like the North Sea, East Texas and the Gulf of Mexico.

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threats, the rest of the world can now impose its own embargo, on Iraqi oil. Oil prices, even before adjusting for inflation, have fallen to the lowest levels in almost a decade, while natural gas prices have been strong.

To others in the industry, the Zilkha's success is all the more surprising because they are outsiders, Iraqis whose fortune has its origins in banking and retailing. Kheider Zilkha, Selim's father, opened a one-room bank in Baghdad in 1899, eventually expanding around the world.

In his turn, Selim founded the Mothercare retail chain, offering everything for mother and child.

In 1983, after selling that chain, he paid \$28 million for 44 percent of a company called Towner Petroleum.

"What attracted me was, I was very ignorant," Selim Zilkha said.

In 1984, after the company had taken a detour into bankruptcy, Selim Z

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Talking About a High-Tech Revolution: Times Are (Still) Changing

A Roundtable
Tracks Trends
And Players

HIGH TECHNOLOGY in changing times was the topic of a roundtable organized on March 12 by The Money Report in San Francisco. Four professional investors joined Aline Sullivan and Holly Preston on March 12 at the Huntington Hotel for drinks, hors d'oeuvres and a discussion of trends and players in the world of high technology.

The investors were: Liz Buyer, senior industry analyst at DMG Technology; Gill Cogan, co-managing partner of the venture-capital firm Weiss, Peck & Greer Venture Partners; Kevin Landis, co-founder of the Interactive Investments Technology Value Fund, and Michael Murphy, founder of the California Technology Stock Letter, the Overpriced Stock Service and author of "Every Investor's Guide to High-Tech Stocks and Mutual Funds," which was published in January by Broadway Books.

News of Oracle Corp.'s record third-quarter profit, which had exceeded many stock-market analysts' expectations for the database company, kicked off the discussion.

Q. Could Oracle's earnings announcement herald better news for the industry?

Mr. Murphy: There are a couple of good years ahead for technology. Apart from the overhanging problems from Asia, we are experiencing strong product cycles in computing, communications and biotechnology. In these areas, product cycles are more important than incremental economic cycles.

Only half of corporate computers in the U.S. have converted to 32-bit Windows 95 type computers. The other half are still 486s or older. 20 percent of these are 386s or older. That cycle has got a way to run, particularly in Europe, which is further behind and finally starting to come out of the doldrums. In 1998 and 1999, personal computer sales should rise by double digits. Communications is growing even faster because the Internet is still bubbling every year.

There is still the question of how much Asia or, more specifically Korea, is slowing things down at the margins. But the fundamental trends are very strong.

Q. Does that mean that we have seen the worst of the impact from Asia?

Mr. Murphy: I don't think that we have seen the worst of Asia, that it is over. Asia is a depressant that is going to last a while, probably four to six quarters and maybe longer. But it is not the waterfall disaster that Wall Street was looking for.

Mr. Landis: I remain a huge technology bull. I think it will be the engine of growth for the foreseeable future. I tend to look on the upsets such as the Asian contagion as an infection that will right itself. If you can see past it, there may be some opportunities opening up. For example, if you wanted to buy wireless technology companies, now is the time to do it. Those guys are dirt cheap. A lot of their anticipated growth were coming out of places like Korea. So it is a 50 percent-off sale on their shares now.

Mr. Cogan: Asia normally has not accounted for a very high percentage of revenue for most of the high-technology companies. It had been a growing market but it has not been a major one. The March quarter will be the worst. I don't think it will then be over, but the following quarters won't be as tight.

Q. What other reasons do you have to be optimistic about the industry?

Mr. Cogan: The rate of growth and the way in which technology is growing are incredible. Bandwidth, for example, is a really important issue because most networks are occupied by voice, [which] is growing at about 5 percent a year. In contrast, data is growing at about 35 or 40 percent a year. Networks suited for voice and data and video are driving very different needs and very different infrastructure technology.

Mr. Murphy: Technology is now about 15 percent of our total GDP, but it is growing at 20 percent a year with no inflation at all. The companies cut prices every year. It is accounting for at least 50 percent of the net growth of this economy, probably more because U.S. technology companies are selling worldwide. It is the kind of growth that is really difficult for the Federal Reserve Board to control. It is very difficult to stop it growing. These companies aren't directly affected by higher interest rates because they don't have any debt. If the U.S. market slows, they can up their sales efforts in Europe, Latin America and the strong parts of the Far East. As the baby boomers age and the rest of the economy slows down, technology is accelerating and becoming a bigger and bigger part.

Mr. Cogan: I agree. This is just beginning, and it will build on itself. If you look at American corporate history, you see that anything that has contributed mightily to productivity has become a big part of the economy. Technology is definitely beginning to do that. Furthermore, it is the first time where industry costs are being driven down ferociously, and I think that's what is contributing to the rate of inflation.

Mr. Landis: ...and to the rate of change. When semiconductor costs drop 50 percent every 18 months, it makes the rate of change so much faster compared to the old industrial economy.



At the San Francisco roundtable, the four professional investors—left to right, Liz Buyer, Kevin Landis, Michael Murphy and Gill Cogan—agreed that there are more good years ahead for stocks in the high-technology sector.

Mr. Cogan: In 1960, one transistor cost \$1. Today, you can buy 10 mini-transistors for \$1. There's no other industry in the history of corporate America that has done anything like that.

Q. Is there a dark side? No one would suggest that falling car prices are good news for automakers.

Mr. Murphy: That was true, in the old economy. But it is not true in the technology economy, because the companies are able to bring their costs down faster than they bring their prices down, by reinvesting. That is the whole secret to the business: They pour money back into research and development, continually driving their costs down, so that prices can come down but the companies manage to grow. That's the virtuous circle. You grow a Sun Microsystems or an Oracle Corp. by constantly lowering prices, constantly exploding the market.

Now we are going to sub-\$1,000 personal computers; by the end of 1999, it will be sub-\$500 PCs. There are 340 million PCs installed today. By the time this revolution is over, there will be 2 billion installed worldwide. All this will create demand for productivity and demand for big servers, making the business grow.

Mr. Landis: The whole idea of technology is once I have sold you a product, I need some other excuse to sell it again or in some other form. Or make the product better and give you a reason to throw the old one out. I need to find a way to make it permeate your life.

Q. Surely this must end at some point?

Mr. Murphy: There is probably some physical limit out there, which we honestly don't see yet. But for the next 10 years, the industry should continue driving costs down at the same rate. There is probably also some limit to how large technology can become as a

percentage of the economy in practical terms. You can't eat computers. But we are looking at a revolution. If you say it started in 1981 with the introduction of the PC and has a 70-year cycle like most of these things, it should run on well into the 21st century.

Mr. Cogan: I think we are just at the nascent stage of this development. The amount of money these companies put into R&D is unprecedented as a percentage of revenue. The more pressures from competition that there are to invest in R&D, the healthier they become. The more they invest now, the faster they will bring products to the markets.

Mr. Landis: Vigorous competition strengthens the group. Think about high-tech, about American high-tech companies, about what brutal, cut-throat competition we have here. That is one of the reasons that a lot of Americans look for high-tech to become the great export engine over the next 10 or 15 years.

Q. The auto industry was certainly a case of brutal competition among American companies and then exposure to foreign competition.

Mr. Landis: Competition with the Japanese automakers made the American car companies stronger. It made them better companies. But technology is becoming less about countries and more about companies, global companies such as Intel Corp., which has factories around the world, in Europe, Israel, you name it. A company like that, which is pragmatic about putting different functions in different parts of the globe, flourishes. It contributes to many economies.

Ms. Buyer: At this point I am focused on the Internet sector, where there is a complete disconnect in my opinion between stock prices and fundamentals of the companies. Certainly, there are companies that will be valued more

highly a year from now than they are today but they are not the majority. While I am not an advocate of shorting stocks, I suspect that if you were to short a basket of Internet stocks today you would have more money in three months or six months than you do now.

Of course, there are some business models that do work. And while the valuations are incredibly lofty, I suspect that while there may be periods of indigestion between here and there, people who put money into a name like Amazon.com Inc. will probably end up happy a year from now, although anything could happen in a week or two.

Q. Why that company?

Ms. Buyer: Since Amazon went public it has matched or exceeded its delivered promises every quarter. That to me says somebody is watching the store. I was particularly impressed by the level of detail that the management focuses on. There are other Internet companies that have never made a quarter since going public, and that is not acceptable to me. Going public means that you are talking someone else's money.

Q. Any examples?

Ms. Buyer: I would rather not say. But the best way to look at the business is to consider if a company is solving a problem or making someone else's life easier. It needs to have a product or service that somebody needs. Ordering a pizza on-line is incredibly stupid. It is really easy to pick up the phone and say "Yo, double cheese, pepperoni." There is no advantage to turning on your computer to do that.

The second question is: If there is a real problem, is this the right company to solve it over time? What is the proprietary advantage, technology advantage or market-share advantage? If there is one, terrific. Compaq Computer Corp. had no proprietary advantage but it sure had a market-share advantage.

Analysts' Views of Tech Stocks Share prices March 12, 1998

Stock	Exchange	Comment
Advanced Fibre Communications	Nasdaq	Makes telecom equipment for many kinds of systems
AFCL		
Amazon.com Inc.	Nasdaq	Investors will probably be happy a year from now
AMZN		
America Online Inc.	New York	Everybody uses it
AOL		
CNET Inc.	Nasdaq	Supplying content is eventually going to work
CNNWK		
Cisco Systems Inc.	Nasdaq	The best Internet company
CSIO		
LM Ericsson AB (B shares)	Stockholm	Everything for the consumer is going digital
LMES		
Faroudja Inc.	Nasdaq	Chips maker will benefit from digital development
FDIA		
Int'l. Business Machines Corp.	New York	Lots to lose in companies with opportunities in front of them
IBM		
Integrated Device Technology Inc.	Nasdaq	Supplies 800 processors for sub-\$1,000 computers
IDT		
Intuit Inc.	Nasdaq	Best Microsoft at its own game
INTU		
LSI Logic Corp.	New York	Contrasts from Japan; thought of as a Japanese company
LSI		
Level One Communications Inc.	Nasdaq	Analog companies will always be in demand
LEV1		
Microsoft Corp.	Nasdaq	Software makers can't stay at P/E's above 35 for long. It is at 53
MSFT		
Nokia Oy (A shares)	Helsinki	Will certainly do well with handsets
NOKIA		
Oracle Corp.	Nasdaq	A dominant company has time to fix its products
ORCL		
P-Corn Inc.	Nasdaq	Good choice among wireless-equipment makers
PCMS		
PeopleSoft Inc.	Nasdaq	Managing information for the world's biggest companies
PSFT		
Philips Electronics NV	Amsterdam	Good at lowering consumer electronics prices
PHIL		
SAP AG	Frankfurt	Once a company adopts its systems, it is hard to switch out
SAP		

Microsoft clearly has a technology advantage. If the company can solve the problem, can it do it profitably and can it sustain that? Does it have a management that will guide it over the hurdles?

Q. How about you, Kevin? You visited the Internet World conference in San Diego. What do you think about Internet stocks?

Mr. Landis: I go to a show like that and see how rapidly things are changing, and I get back to my most core belief that bandwidth, bandwidth, bandwidth is the place to be. Any company that makes money on expanding bandwidth—that is where you should put your money. The Amazon story is not necessarily a technology breakthrough. It is applying this new business model to something that could be made just much better. That is the really interesting area. Some big stories are coming up in this area. Amazon is only the first.

Mr. Murphy: We do short stocks, but we are not short any Internet stocks now for the obvious reason that they are running up like mad. You would be a nut to stand in front of that train. As soon as they establish some tops, we will short them because most of them have become drastically overvalued.

The Internet involves three phases. First are the folks who are building the hardware to fill it out—the bandwidth companies—most of whom are making money today and some of whom are selling at pretty high multiples. We keep looking for investments in that area. Cisco Systems Inc. is the clear leader and the dominant company in the hardware side of the business, but there is a lot of room beneath Cisco for other kinds of companies.

At the far end are the companies that supply content, such as Amazon or CNET Inc. Ultimately, I think these companies will make money. Not many do today, but supplying content is eventually going to work.

In the middle are all these Internet

infrastructure companies that are trying to sell software, firewalls, browsers, servers and specialized software for customized Web sites. That is really difficult. They are competing with every graduate student in computer science around the world. Most of those companies are not making money, and I doubt many of them are ever going to make any money. We have been very cautious about this middle area, looking more for things that can turn into terminal shorts.

Mr. Cogan: There have been so many Internet content companies without good management teams and without sustainable business models. We have made very few investments in this area, just one or two. Cisco is the best Internet company out there.

Q. What about the big companies that already have track records? Cisco, IBM, Oracle are all attacking their wagons to the Internet.

Mr. Murphy: I don't think there are undiscovered gems out there. I think people do know what is going on. One of the most amazing business stories ever is what happened with Microsoft when they introduced Microsoft Network. Within a period of just 90 days, they switched the whole company model. It was amazing to see a company that size do that. It was one of the most impressive things you will ever see.

Now Microsoft is driving the Internet into many different parts of their business and they are following into parts of other people's business. Cisco is the same way. Dell Computer Corp. is also that kind of company; people know that is what it is doing. This is so forefront in people's minds—what companies are doing with the Internet or how they are extending their reach—I can't think of any companies that are undiscovered.

Q. Are there any other companies that could receive a substantial boost from the Internet?

Mr. Murphy: The obvious one would be IBM. I don't think there is much hope for IBM, personally. If the management actually took it seriously and changed the entire company to an Internet-based company, it would be an amazing thing. I don't think they will do it. I think that mainframes are truly dead, in the sense of the old-fashioned proprietary hardware and proprietary software model, which is where IBM gets its best margins by far.

I am sure IBM is going to have a decent 1998 because Europe, which is still mainframe territory to some extent, is getting better. But the drive toward open systems, client-serving computing, the Internet and standards-based computing, hardware and software, is so strong.

In a standards-based world, where IBM has to give up its proprietary margins, it hasn't done very well. It is a big company. It spends \$6 billion on R&D, which is more than anyone else spends. But I don't see the products that would come anywhere near justifying it. Where did the money go, what did they do with it?

Q. Does everyone agree on that?
Mr. Landis: IBM has a few technology gems still. A few years ago, a start-up chip company could quiet your fears on the production front by saying their chips were built by Taiwan Semiconductor Manufacturing Co. No worries. The impressive name to throw around now is IBM.

One of the great new semiconductor technologies that holds a lot of promise, particularly for wireless, is silicon germanium. Guess who is the big leader in that? IBM. There are a lot of capabilities there, but there is also a lot of institutional momentum heading in the wrong direction. It is hard to say what will happen there. We own a little bit of IBM in our Leadership Fund, but it is on probation.

Ms. Buyer: No one should underestimate the value of IBM's service reputation. Or how desperately a company like Microsoft would love to have IBM's enterprise tentacles. It doesn't mean it's enough to stop the mainframe

Some Low-Tech Alternatives for Stodgy Investors

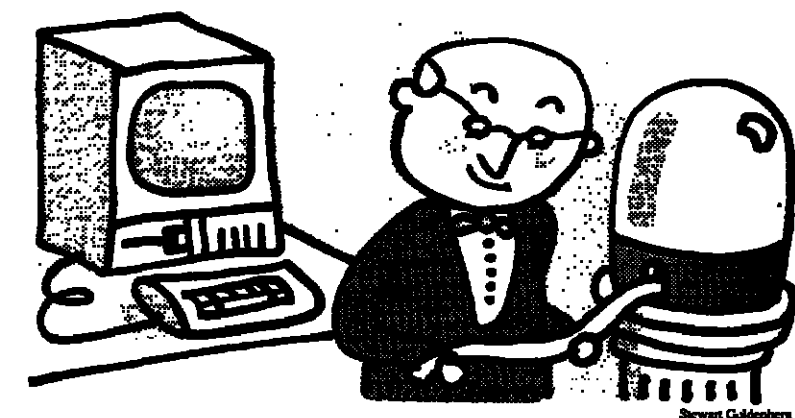
By Judith Rehak

EMBARRASSED to admit that you have never figured out how to program your videocassette recorder? Overwhelmed by Internet browsers, cellular phones and digital organizers? Jealous of savvy investors who rake in huge profits on high-flying high-technology companies? There may be a place for you—in the boring but steady world of low-tech companies. Here are some stocks of companies with decidedly low-tech products and above-average prospects for investors who like to understand what they are buying.

Michael Moe, the director of growth stock research at the San Francisco brokerage Montgomery Securities, is high on PaLex Inc., a Dallas company that makes pallets, which are flat shipping boards used to move merchandise, everything from food to television sets.

"There is probably not a more boring business in the U.S. than that, but the company is doing very well," Mr. Moe said. A key to PaLex's success, he said, is that pallets must be of high quality to avoid damaging goods, and the company not only makes them well, but economically. In a highly fragmented industry, PaLex is also a play on consolidation: It is buying competitors and gaining market share.

Montgomery helped PaLex go public a year ago. "Its stock has doubled since then, but it hasn't done obnoxiously well like Yahoo," Mr. Moe said, referring to the soaring high-tech Internet search company. He predicted



that PaLex shares, currently trading at about \$13, would reach \$20 over the next 12 months.

Looking to Europe, railroad equipment has captured the attention of John Boich, who runs the International Growth fund at Montgomery Asset Management, a San Francisco money manager that is owned by Commerzbank, which purchased the unit from Montgomery Securities last year.

"Germany's state-run railways will be privatized in the next two years, but there's a whole industry to invest in there right now," he said. One of his top portfolio holdings is Vossloh AG, the leading maker of the fasteners used to hold down railroad tracks and rail brakes. Vossloh's ability to meet rigorous safety standards, despite its low-tech product, will make it a major beneficiary of privatization as Europe's unprofitable railroads upgrade for higher speeds and heavier

weights, Mr. Boich said.

Vossloh's shares have zoomed 80 percent in the past 52 weeks, to about 123 Deutsche marks, (\$67) and are comfortably above the 97.50 DM level at which they traded when Mr. Boich suggested them to Money Report readers last year. Still, he said he thought the stock could hit 160 DM over the next 12 months. "It has infrastructure upgrade written all over it," he said.

Mr. Boich remained equally enthusiastic about VAE Eisenbahnsysteme AG, an Austrian company that makes "turnouts," the switches that allow a train to change tracks easily. "Once again, it's low-tech, but critical to rail infrastructure," he said. Like Vossloh, VAE has a dominant market share—in this case, globally, since it manufactures in Australia, Canada and Hungary. "And rail-track upgrading isn't just in Europe," he noted. "The U.S. has high-speed rail coming in

some states, and Asia is doing the same thing." The stock has appreciated to 1,347 shillings (\$104) from 1,300.10 when he recommended it in October.

Both Vossloh and VAE have dependable cash flows, and Mr. Boich expects them to grow at roughly 15 percent to 20 percent annually over the next few years.

Basic-metal parts look worthwhile in Japan as well, where Tetsuya Furumoto, a Salomon Smith Barney analyst in Tokyo noted a promising new product from Nitto Kohki Co., a machine-tool maker and leading manufacturer of coupling equipment. The company is introducing a new kind of coupler that connects pipes by simply snapping on. It thus avoids the use of screws.

"It's very easy to use, so it should cut down on labor costs, a priority with construction companies," said Mr. Furumoto. "Also, it is much safer than the old screw-on type."

The analyst said that the new coupler should gain the company customers because it has such a wide range of uses, not only in housing and general construction, but hospitals and medical companies, where its high safety factor makes it desirable.

Mr. Furumoto, who follows over-the-counter growth stocks, noted that Nitto Kohki is small, with annual sales of 2.3 billion yen in its 1996 financial year. (The 1997 year ends this month). Like many Japanese companies, especially in cyclical industries, it has been hurt by the troubled domestic economy. Still, he said the introduction of the new coupler could boost earnings by 8 percent to 10 percent in 1998.

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THE MONEY REPORT

A Letter From Buffett: Waiting for the Fat Pitch, Like Ted Williams at the Plate

ONE WEEK AGO, Warren Buffett, the world's greatest investor, put his annual chairman's letter up on the Berkshire Hathaway Inc. Web site.

Most of the reaction focused on his comment that the market was not overvalued. When? What a relief, thought U.S. investors, who promptly bid up the Dow Jones Industrial Average every day for the next four — a total of more than 200 points.

If you read the letter (found at: www.berkshirehathaway.com), you find that Mr. Buffett is at least as ambiguous as Alan Greenspan in front of the U.S. congressmen. A year ago, Mr. Buffett writes, he and Charlie Munger (his cerebral sidekick) "stated that we did not consider the market overvalued if 1) interest rates remained where they were or fell, and 2) American business continued to earn the remarkable returns on equity that it had recorded." If these two conditions hold, he repeats, "there is no reason to think of stocks as generally overvalued."

But what are the chances that high returns on equity — those sparkling

profits of the past three years — will continue? I am not too sanguine, and Mr. Buffett is not making a guess.

Also, if he does think the market is overvalued, why does he make the following comment, earlier in the letter? "We are not pleased with our prospects for committing incoming funds," he writes. "Prices are high for both businesses and stocks. That does not mean that the prices of either will fall — we have absolutely no view on that matter."

But what Mr. Buffett does in the market is far more important than what he says or thinks. The diligent reader learns from his letter that "we made net sales during the year that amounted to about 5 percent of our beginning portfolio." So, even though Mr. Buffett does not think the market is overvalued, he has been a seller of stocks.

He has also been a buyer of silver — 111.2 million ounces of it, now worth about \$600 million — and zero-coupon U.S. Treasury bonds. His zeroes, at year-end, were worth \$4.6 billion, for a pretax gain of \$599 million. Mr. Buffett also noted another, smaller "nontraditional position" in derivative con-

tracts for 14 million barrels of oil, worth about \$200 million.

These do not seem typical investments for a man with a comfortable view of the stock market. Is he trying to make the rest of us optimistic so that he'll have more gullible buyers for stocks he wants to unload?

Mr. Buffett did make some purchases last year. But Berkshire is a

Conspicuously absent from this year's list is McDonald's Corp. According to last year's letter, Berkshire owned 4.3 percent of the company, worth about \$1.3 billion. Mr. Buffett also indicated that he sold shares of Freddie, Disney and Wells.

The 1997 acquisitions came in the first category: wholly owned businesses, which include GEICO, See's Candies, the Buffalo News and Flight Safety In-

ternational, which trains pilots. First, last year, Mr. Buffett bought Star Furniture, a family-owned Texas chain that's similar to two others in Berkshire's portfolio — Nebraska Furniture Mart and R.C. Wiley. Next, he bought International Dairy Queen, with more than 6,000 stores, mostly run by franchisees.

We try to extend a Ted Williams kind of discipline," he writes. "In his book, 'The Science of Hitting,' Ted explains that he carved the strike zone into 77 cells, each the size of a baseball. Swinging only at balls in his 'best' cell, he knew, would allow him to bat .400;

reaching for balls in his 'worst' spot, the low outside corner of the strike zone, would reduce him to .230. In other words, waiting for the fat pitch would mean a trip to the Hall of Fame; swinging indiscriminately would mean a ticket to the minors."

Mr. Buffett adds: "If they are in the strike zone at all, the business 'pitches' we now see are just catching the lower outside corner. If we swing, we will be locked into low returns."

So Berkshire does not swing. "Unlike Ted, we can't be called out if we resist three pitches that are barely in the strike zone; nevertheless, just standing there, day after day, with my bat on my shoulder is not my idea of fun."

We all get impatient. But the key to investing is discipline. As Mr. Buffett's mentor, Benjamin Graham, wrote, "The investor's chief problem — and even his worst enemy — is likely to be himself." Or herself.

While many investors rush to buy the stocks that Mr. Buffett owns — or to purchase Berkshire Hathaway itself, which on Friday traded at \$68,500 per share (up from \$1,850 in 1985) in the

JAMES GLASSMAN ON INVESTING

holding company that owns, rather than operates. Its portfolio includes both entire businesses and big chunks of stock in major corporations.

In the latter category, Berkshire owns 11 percent of American Express Co. (worth \$4.8 billion at current prices), 8 percent of Coca-Cola Co. (worth \$15 billion, his largest holding), 3 percent of Walt Disney Co. (\$2.3 billion), 9 percent of mortgage-maker Freddie Mac (\$2.9 billion), 9 percent of Gillette Co. (\$5.6 billion), 17 percent of The Washington Post Co. (\$800 million) and 8 percent of Wells Fargo & Co. (\$2.2 billion).

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There's No End in Sight to the High Flight of High-Tech Sector's Surging Stocks

Continued from Page 16

problem, but there will be a business in hosting Internet sites and no one is better positioned to do it than IBM.

Q. Would you buy shares in IBM?
Mr. Landis: You can't help but look at IBM and see the opportunity in front of it. But I have learned through bitter experience that you can lose a lot of money by investing in companies with great opportunities in front of them.

There are many technology companies out there and also a lot of very good technology companies out there. You don't have to own all of them. We own Hewlett-Packard and IBM. We own Cisco and Lucent Technologies Inc. We are just starting to play around with some of the wireless-infrastructure companies. We do own a lot of the chip companies that have the key pieces to make it go.

Q. Let's move on to semiconductors.
Mr. Landis: There are a lot of different flavors and it is hard to lump them all together. We have never owned a DRAM company, and I don't see owning one. We don't own any commodity logic companies or Gatearray companies. But we love owning little communications-chip companies right now.

A handful of those companies really have the needed technologies to allow communications to take the next step forward, to move those bits faster, to move them better. Companies like Level One Communications Inc., Vitesse Semiconductor, Applied Microcircuits Corp., PMC-Sierra Inc. is one of my favorite companies.

Mr. Cogan: We like Galileo Technology Ltd. a lot and not just because we were investors in it. We also really like the analog companies. Companies like Linear Technology Corp. or Maxim Integrated Products. Or Level One, which is sort of an analog company. The world, after all, is really analog. Any interface with the physical world or with

a human is in analog form, so the analog companies will always be in demand.

Mr. Murphy: We like semiconductor companies right now for a number of reasons: The computing business is O.K. for the next couple of years and the communications business is great. It sucks a lot of silicon through the system and a lot of people benefit.

We have been buying Intel Corp. any time we can get it under \$75 and we are buying Integrated Device Technology and LSI Logic. All of these stocks are down right now, which makes them particularly attractive. LSI is down from \$45 to \$22. Intel is down from \$100 to \$76. IDT is down from \$28 to \$14.

We own Integrated Device Technology because it is supplying the small Intel-compatible processor for \$90 that enables these sub-\$1,000 PCs. That is one of the hottest parts of the computing market right now. It represents about 35 percent of PC sales. But it is difficult to try to find a direct way to play that business other than Integrated Device Technology.

LSI Logic is an interesting company because it is about one third computer, one third communications, and most unusual for a U.S. semiconductor company, about a third consumer. LSI has a large facility in Japan, run by Japanese nationals, which is treated like a Japanese company. We like that exposure because, for the first time, a lot of the products driving the future are going to be consumer products.

Q. Let's broaden this discussion to include software companies.

Mr. Landis: If I woke up in the night, desperately afraid that I might actually own a particular company, it would be one that has a really interesting market in front of it, just interesting enough so that Microsoft wants it. I think that is everybody's fear in investing in any software company that you don't want to fly to close to the sun. You don't want

to lock eyes with Bill [Gates] and have him want what you have.

But there are still a lot of interesting niches out there. Adobe Systems Inc. fought off Microsoft very successfully by staying in a promising area that wasn't Microsoft's main focus. Why is it that Adobe has survived and Novell Inc. might not? Novell was doing something that was important enough to Microsoft that it got hold of it and just won't let go.

Q. Other than Adobe, are any companies achieving that?

Mr. Landis: Look at Peoplesoft Inc. and SAP. These companies are managing all the information for the world's biggest companies. Once a company adopts its systems, it is really hard to switch out. It means that they are pretty much partnered up, going forward till death do them part.

ing forward till death do them part. From an investment standpoint, I like valuing that perpetuity. It feels really safe. It may also explain why people are willing to pay so much for those companies. Investors want to look for companies that are doing something interesting but not doing what Bill Gates is trying to do.

Q. What about Microsoft itself? What would be a fair valuation for it?
Ms. Buyer: Long term, no software company has consistently traded with a forward price-to-earnings ratio of more than 35. Microsoft is trading at about 53 times earnings now.

I don't worry so much about companies that Microsoft may take over as about companies that Microsoft has just purchased a 10 percent position in. It is a truism that if Microsoft really likes your technology, it can buy 10 percent of your company and kill you.

Microsoft is a brilliant company in terms of marketing, in standardizing products and getting all of us to use its technology. But it hasn't been able to get out of its own way in terms of

anything creative. Its environment is driven by "let's get the competitive answer now," which is wonderful and has made its shareholders incredibly happy but is not creative.

Q. Except in so far as it has identified and taken over creative companies.

Ms. Buyer: But it is not creative in and of itself. Its entrance in the game market hasn't worked, to take an example. Adobe is another clear example. Yet another that has beaten Microsoft at its own game is Lotus Inc., the maker of the Quicken financial planning products, a background which is giving it enormous advantage in marketing financial services such as insurance.

Bill Gates tried two years ago to purchase the company but it didn't go through. He keeps coming back, dropping the price of a product competitive to Quicken to zero, but even that didn't help him win the market-share battle.

Mr. Landis: Probably the company most built on customer service is Intuit. [Chairman] Scott Cook came out of Procter & Gamble, he understood marketing, he understood brands, he understood customer service. Probably the company in the business with the worst customer service is Microsoft. How is it going to get into a high-customer-service business without virtually changing the culture of the whole company? It is not likely to happen. The software business is worth about \$125 billion and Microsoft has just 10 percent of it; 90 percent of it is other people. There is a lot of money out there and there are a lot of niches.

Mr. Murphy: I agree with Kevin. Unless Microsoft puts a company in their gun sights and takes aim, other software companies can still do quite well. We own Adobe and Oracle Corp. I don't think Microsoft will ever catch Oracle in the database business unless its management makes a corporate commitment that it has to own the database business and totally focus on it. Then it would have a shot, but probably not much of a shot.

Q. Is Oracle in reasonable shape, from an investment point of view?

Mr. Murphy: Of the big dominant companies — Microsoft, Cisco, Intel, Oracle and Applied Materials — three are cheap right now: Intel, Oracle and Applied. It is just a question of when to buy them. We are buying Intel under \$75 (a share). Applied is almost an issue of how long you are willing to let your money just sit there. The company has a couple of bad quarters coming but the stock is not expensive. Oracle is the same. The quarter reported today was O.K., but not great, and the company is shipping something now that people don't particularly like at the moment [Oracle 8]. But it does have market dominance. A dominant company has time to fix its products because no one will catch it in the year. But a small company will be dead by the end of the year.

Ms. Buyer: Another company that Microsoft targeted and has so far not succeeded in getting because of its distribution is America Online. Now there is a company that didn't provide good customer service and doesn't seem to have any financial wherewithal. But everybody uses it because if something goes wrong you pull out a drawer and there is a disk.

Q. What about big companies, such as Kodak, Fuji, Panasonic, Philips and Sony, which have home-computing, home-photography interests?
Mr. Murphy: A lot of the big drivers that are coming are consumer products. The [Silicon] Valley is not very prepared for that. Companies here don't do well with consumer products, they don't hire consumer people, they have difficulty funding consumer business plans.

But the digital camera is coming next Christmas and that will be a big deal. After that will be the \$99 software to manipulate the photograph and then you can have the kids e-mail the photo to their grandmother because you gave her a \$1,000 PC for Christmas. She will stop complaining that the kids never write.

Other beneficiaries will be Ericsson and Nokia, which are making digital cell phones. Everything for the consumer is going digital. It is very high-volume stuff, and it has to be very low price. You can start a digital TV at \$3,000, but it has to get down to under \$1,000. The Japanese are really good at that. Philips is good at that, too.

We have started seeing the conversion of the consumer to a digital world and it is going to proceed pretty steadily over the next 10 years.

Q. Which companies do you think will benefit most from this trend?

Mr. Murphy: The bigger ones will undoubtedly be Sony and Philips, those guys. But there will be a lot of other folks who will benefit. Again, I think LSI Logic will have chips in those boxes. A little company like Faroudja Inc. will be out there with chip sets to enable the multistreams to broadcast.

Mr. Landis: Let me give you an example. A product made by Ocel, which has since been sold to Lucent Technologies Inc., is a solar cellular pay phone. Take this thing out and drop it in a village in Tibet and give everybody in the village a voice-mailbox at a cost of one dollar a month. All of a sudden they are in the 21st century. They can make calls, they can answer ads, they can buy stuff.

Q. What about the smaller companies in this business?
Mr. Landis: We have a decent stake in a company called Advanced Fibre Communications. It makes the local equipment. One of the good things about Advanced Fibre Communications is that it is pretty media-agnostic. It doesn't care if you are using wireless, or fiber, or copper or DSL or any one of these. The other plus is even more impressive: The company went international early in the game.

Mr. Cogan: Another good choice is P-Com Inc., which makes wireless equipment and has done very well.

Bank Chief Supports Strong Yen

JAPAN'S financial community was surprised to hear of Prime Minister Ryutaro Hashimoto's selection of Masaru Hayami, a former trading house chairman, as the next chief of Japan's central bank, and Sakuya Fujiwara, a former journalist, as his deputy, following a bribery scandal that led to the resignation of the previous Bank of Japan chief.

Not widely appreciated is the fact that Mr. Hayami, 72, has been a powerful advocate of a strong yen, demonstrated during his years as the head of Keizai Doyukai, a business association. In a 1993 article published in Asahi Shimbun, he countered Japanese exporters' complaints about the then-surgeing currency, asserting that the high yen was a fair appreciation of the value of Japan's industrial output.

Market-watchers in Tokyo predicted that the yen's current fall in relation to the dollar would remain an overall trend. "It's not as if the market will move the way policymakers like it to," said Yoneo Sakai, general manager of the international treasury division at Fuji Bank.

Takehiro Sato, senior economist at Japan Research Institute, noted that as central bank governor, Mr. Hayami "is going to be in a different position" than when he was in private business.

And the Ministry of Finance, not the Bank of Japan, decides when to intervene in the currency market, Mr. Sato said.

But Mr. Sakai noted that if the yen took too sharp a dive, causing inflationary pressures to build, the Bank of Japan would become involved.

International Herald Tribune

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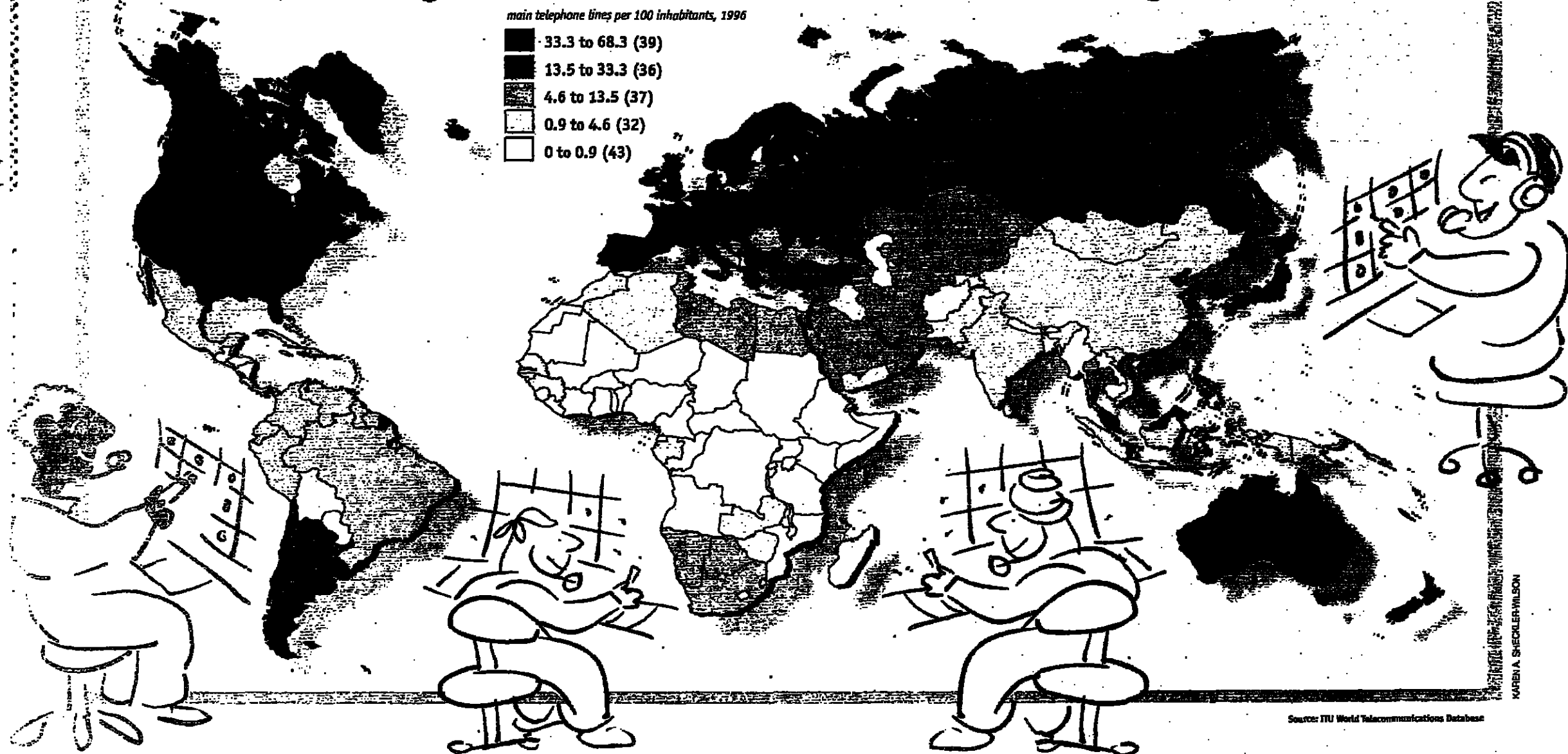
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TELECOMMUNICATIONS IN EMERGING MARKETS

Telecoms Access Around the World



Telecommunications is one of the first sectors that developing countries target in their efforts to climb the economic ladder. Access to telecommunications is a requisite for building trade and garnering the investment necessary for the economic growth that pays for a more comfortable existence for their people. Today, the gap between developed and developing countries is wide, but some nations have made impressive gains with innovative policies, and the use of radio, satellite and mobile technologies to broaden access holds promise for the future.

BRIDGING THE GAP BETWEEN INFORMATION RICH AND INFORMATION POOR

Telecommunications are essential to economic growth, but access is still concentrated in rich countries.

Even though half the Earth's people have yet to make a phone call, the telecommunications industry is already one of the largest and most successful in the world. By 2000, it will be worth more than \$1 trillion annually.

Good telecoms infrastructure is one of the top three necessary attributes cited by multinational companies when choosing locations to set up shop. (The other two are political stability and the availability of an effective and economic workforce.) At the other end of the scale, a local farmer or businessperson's scope is severely curtailed without the ability to communicate quickly, cheaply and easily with potential markets further away than the next village. In other words, to attract inward investment or to expand indigenous trade and commerce, telecoms is essential.

Getting started is slow

At the end of the 20th century, there are great discrepancies in the availability of telecoms throughout the world, as illustrated by the map above. The International Telecommunication Union (ITU), a United Nations agency based in Geneva, measures access to telephones by teledensity, that is, how many phones there are in a country per hundred people. Much of sub-Saharan Africa has around 0.29 phones per 100 inhabitants, while most of Europe has more than 40 per 100 citizens.

There are other discrepancies, too. For example, in developing countries, 80 percent of the phones are in urban areas even though 60 percent of the population lives in rural areas.

If one looks at services other than basic access to a

telephone, the chasm between the developed and developing worlds is even wider: 84 percent of all mobile cellular subscribers, 91 percent of all fax machines and 97 percent of all Internet host computers are in developed countries.

The bad news, according to the ITU's World Telecommunications Development Report 1998 (released March 22), is that it takes a long time to improve access starting from a very low base of installed phones (25 percent of ITU member countries have fewer than one phone per hundred people).

So far, it has taken on average 50 years to go from a teledensity of more than one to a teledensity of 50. In general, the ITU has found that the pace of installing phones accelerates as more lines are put in. Unfortunately, the latter trend means that the gap between those with good, or at least acceptable, infrastructure and those lacking it is accentuated.

However, there are reasons for optimism. First of all, some countries have radically increased their teledensities in a much shorter period of time. From 1975 to 1985, South Korea, Singapore and Taiwan proved that teledensities could be raised from 10 to 30 in a much shorter time than had been thought possible.

Since 1985, and particularly since 1990, matters have improved greatly for some developing countries, with new approaches to financing and managing telecoms coming to the fore and the average teledensity across the developing world reaching six. In addition, advances in technology have made it possible to roll out networks more quickly, which ultimately will mean more cheaply. Over the next

few years, the use of radio technology to provide ordinary fixed phone service, instead of putting wires into the ground, should have a significant impact, as will the spread of mobile phone networks, which in some places (e.g., Central and Eastern Europe) are to some extent replacing fixed line phones.

A variety of policy approaches

On the policy and finance side, a number of different approaches have proved successful. These include privatization of the national monopoly operator, and allowing foreign telcos with overseas funding to compete with the incumbent. For example, Argentina has almost doubled its teledensity, from 9.5 to 17.7, since 1990 by allowing Spain's Telefonica and France Telecom between them to manage and keep the income from the national telephone network for a 15-year period, on condition that in that time they modernize and greatly extend the network in both urban and rural areas.

The Philippines decided that the best method was to encourage as many competitors in the market as possible. In 1993, the government awarded five mobile cellular licenses, each of which carried the obligation to install 400,000 lines over a five year period. At the same time, seven concessions to handle international traffic were allocated on condition that each licensee installed 300,000 new lines over a three-year period. This would lead to a total of 4 million new lines by 1999, effectively quadrupling the teledensity in five years. Although there have been some hitches, including rows with the incumbent carrier, progress is still good.

In Bangladesh, a locality-specific, 25-year license

was awarded jointly to the Bangladesh Rural Telecommunications Authority and International Communications Technologies of the United States as long as they install 123,000 new lines by 1999. At the moment, there are around 70 million people living in the northern territory covered by the license, with only 7,000 lines between them. The two companies will control the network and keep all revenues until the license runs out.

The Chilean government offers subsidies to those prepared to build networks in remote rural areas. Another simple, but highly effective solution is the use of pay phones. Mike Minges, a telecoms analyst with the ITU and author of the development report, comments, "In places with very few phones, it is important to set realistic goals and look at providing access in terms of a pay phone per village rather than a phone in most homes, otherwise the better off get phones and the rest are still without them."

Providing service to India's hundreds of thousands of villages was deemed impractical in the short term; one solution is to provide 45,000 access points to the phone network so that most inhabitants will be within 5 kilometers (3 miles) of a phone. This approach of providing "reasonable" access to pay phones has worked very well in South Africa's townships and in Thailand, where more than half the local phone traffic originates from public phones. Even so, discrepancies between rich and poorer countries remain; it is a sad fact that over 99 percent of pay phones are constantly in working order in France, which has a good, all digital, telecoms network, compared with less than half of Turkey's pay phones.

Annie Turner

ARE INVESTORS HANGING UP DUE TO THE ASIAN CRISIS?

Loans and equipment costs for companies are more expensive.

At first glance, the financial crisis in Asia is potentially disastrous to telecommunications investors there, and it could have ramifications for such investments in other developing countries. As one pundit says, "Investment in telecommunications is typically substantial and long term, and many other opportunities look more surefire." In its recent Asia Newsletter, Pyramid Research, a market research company based in Cambridge, Massachusetts, noted that in the first half of the 1990s, the telecoms industry "experienced unparalleled levels of growth and opportunities as governments aggressively privatized their markets. After years of fast economic growth, they had come to recognize that the lack of telecommunications infrastructure could hinder long term growth prospects."

Can growth continue?

Inevitably, this led to greater involvement of the private sector, an influx of foreign investment and a large number of players in most Far Eastern markets. Usually, investors were granted licenses on condition that they embarked on large-scale installation of fixed lines, resulting

in a rapid expansion of the reach of the networks. New mobile operators saw the number of subscribers rocket within months of the launching of their services.

Pyramid points out that weakened currencies in many Asian countries are likely to impact the telecommunications sector in three ways. The costs of financing U.S. dollar loans has soared, prices of equipment from overseas manufacturers have risen dramatically, and demand for services is expected to decrease as people have less money. One of the main worries is the withdrawal of foreign investors. Already, regional U.S. Bell operating companies in parts of Asia are scaling back investment, as is AT&T, because they are all anxious to concentrate resources on their domestic market, which is in the throes of liberalization.

Satellite deals in Indonesia have run into serious trouble because they were pegged against the rupiah, which has plummeted in value since the crisis began, raising costs astronomically. In the Philippines and Thailand, the build-out of wireless local loops (fixed lines supplied by radio technologies) has stalled as the repayments on the loans funding them have gone haywire.

Yet the outlook is not all bad. Southeast Asian operators that have a net inflow of international traffic stand to gain to some extent from the crisis as they are paid in foreign currencies by overseas operators for terminating international calls within their region.

Looking for bargains

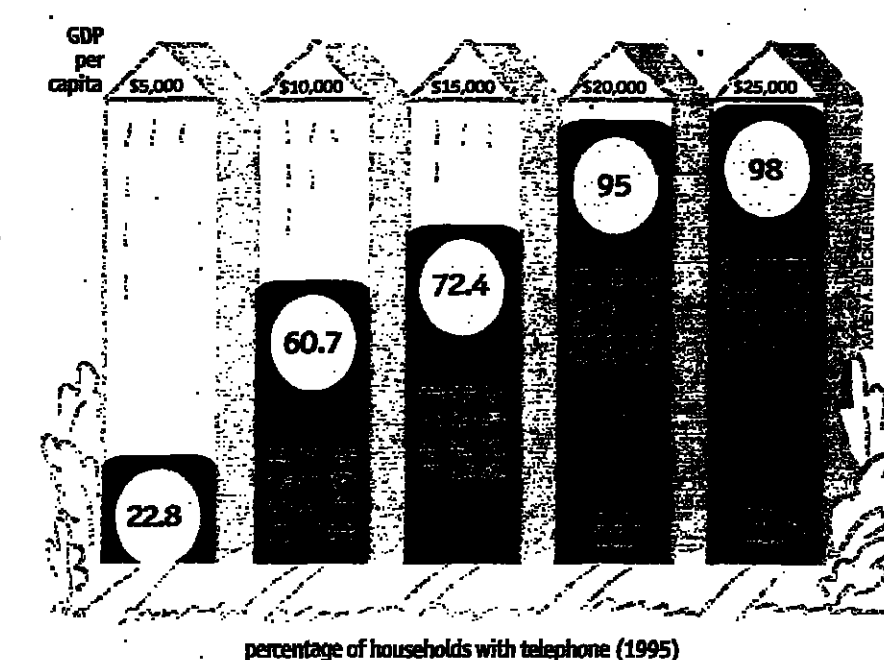
On a wider scale, as Maev Sullivan, an independent, London-based telecoms consultant, says, "There are lots of network operators who are looking for bargains and have the wherewithal to buy. Many people paid over the odds to get into some of the markets and are now looking to get out, so their assets are more realistically priced and pay-back times more soberly assessed."

Many potential investors are from within the Asia-Pacific region.

Peter Lovelock, an analyst with the International Telecommunication Union, a UN agency based in Geneva, points out that Hong Kong Telecom was paid \$6.7 billion by the government a couple of months ago in exchange for relinquishing its monopoly on international traffic.

The Australian national operator Telstra was partially privatized recently, raising

GDP and Households with Telephones, Worldwide



\$10.9 billion, while in a complex transaction, part of China Telecom is to pay \$1.6 billion to increase its minority shareholding in Hong Kong Telecom. All have pretensions to a dominant presence in other Asia-Pacific countries.

Already the cash-rich Singapore Telecom (SingTel) is in negotiations to buy at least 30 percent of the Malaysian phone company Time Telecommunications Bhd.

Making distinctions

Mr. Lovelock says that what happens to telecoms in the region will depend on whether or not the crisis is, perceived as a relatively short-term currency adjustment in overhyped economies, or the beginning of real economic disaster.

He also distinguishes between different types of investment and suggests, for example, that the pay-back period for mobile networks and Internet service provision is relatively short compared with the longer hauls expected by investors in satellite and big, fixed-line build-out projects. Consequently, they will be looked at in a different light.

Even so, both he and Maev Sullivan feel that there is a surplus of mobile service providers in many countries, with too many licenses awarded for too small a market, and that some consolidation will be beneficial, making the sector more stable, and was inevitable anyway.

Mr. Lovelock is bullish about whether the crisis in Asia will make telecoms investors in other developing countries more cautious. He wryly comments, "You would hope so, but I doubt it. Events in Asia should give rise to a whole new set of questions in the minds of investors, but telecoms is so sexy, it is hard to dampen its enthusiasm for new markets."

Annie Turner

WORLD TELECOMMUNICATIONS DEVELOPMENT CONFERENCE

Telecommunications is fundamental to the growth of national economies, yet there are enormous differences in access to telecommunications around the world, ranging from 0.7 phones per 100 people in Cambodia to 99 per 100 inhabitants in Monaco. At the beginning of 1997, 62 percent of all phone lines were installed in just 23 developed countries, even though collectively these countries account for less than 15 percent of the world's population.

The second World Telecommunications Development Conference (WTDC-98) begins on March 23 in Valletta, Malta, and its principal aims are to devise strategies and plans to redress this imbalance. WTDC-98 is organized by the Telecommunication Development Bureau, part of the International Telecommunication Union, itself an agency of the United Nations, based in Geneva.

Ahmed Laouane, director of the Telecommunication Development Bureau, has expressed great concern about the widening gap between the "information rich" and "information poor" and says that the ITU must "take the initiative to integrate the establishment of a truly Global Information Infrastructure" (GII) into the ITU's global development mission.

The concept of a GI — making more advanced services such as Internet access, distance learning and telemedicine, as well as basic telephony, available globally — was outlined by U.S. Vice President Al Gore at the first ITU development conference held in Buenos Aires in 1994.

Mr. Laouane concludes, "While continuing to assist in capacity-building at a government level, we should help more and more in a variety of emerging local private entities and national private sectors. These are the real 'engines' of social and economic development."

For information on the World Telecommunications Development Conference and other ITU events, visit www.itu.int/Conferences/ on the Web.

A.T.

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TELECOMMUNICATIONS IN EMERGING MARKETS

THE LONG GOOD-BYE TO MONOPOLY IN LATIN AMERICA

Mexico and Chile have opened their telecoms markets wider than any other key Latin American economies, and Argentina is preparing for more competition.

Ricardo Salinas Pliego runs Mexico's second-largest television network, an electronic paging service and a chain of down-market retail stores selling electrical goods. Within a few months, he plans to be a telephone executive as well.

Mr. Salinas Pliego plans to put on top of his retail outlets antennas with the capacity to send and receive telephone signals to homes and businesses within a 2 kilometer (1.2 mile) radius. He won't cover all of Mexico this way, but he hopes to reach a fair enough chunk of urban areas to turn a profit while offering a more competitive neighborhood service than is provided by Mexico's phone monopoly, Telmex.

The geographic spread of his retail network gives Mr. Salinas Pliego a head start in what is known as "fixed wireless" telephony. His is an example of the niche strategies being shaped by entrepreneurial investors around the country as a result of the rapid opening in Mexican, and some, but only some, other Latin American telecommunications markets.

In different ways and at different velocities, Mexico and Chile have opened their telecommunications markets wider than any other key Latin American economies. They remain the only major markets in the region with open competition in long-distance services. Chile opened its market more aggressively and suddenly than anyone.

A fast start in Chile

Consistent with its fast-track approach to economic reform, the Chilean government decided to open its long-distance market with a bang. There were no ballots of phone subscribers to choose a preferred carrier. From day one, all players, existing and new, had a three-digit company prefix

and competed aggressively to ensure that their code was the one Chileans dialed before making their international calls.

This aggressive competition created some great deals for consumers and some hard times for the carriers. Special offers such as 5-cents-a-minute calls from Santiago to Europe strained the new carriers' profitability, and soon the attrition began.

The Mexican model is the one that others are more likely to follow.

Telmex enjoyed several years of continued monopoly after its 1990 privatization. In other countries, too, privatized national phone companies are enjoying a honeymoon with no competitors, a time to upgrade rundown telephone infrastructure, to prepare slovenly bureaucratic giants for the rigors of competition and — almost everywhere — to reap substantial profits.

The battle of Mexico

For Telmex, the honeymoon ended last year with the beginning of competition in long-distance services, and now Mexican authorities are moving rapidly to open other areas of the telecoms market.

Mexican long-distance competition began with a series of ballots, beginning in the city of Queretaro in January, allowing phone users to choose a preferred carrier. The dialing-code system will come later (over the next few months).

The new players, led by AT&T affiliate Alestra and MCI's Avantel operation, have taken a 31 percent market share since February last year, when competition began in the first of 60 cities with open markets.

The 60 cities with open long-distance markets represent more than 80 percent of the 9 million phone lines in Mexico. In 1998, competition will be extended to another 40 cities,

representing a further 5 percent of Mexico's phone lines.

Avantel's marketing and commercial director, Jorge Rodriguez Soria, says the share of phone lines won by new players means Telmex has suffered the "fastest loss of market share" of any former telephone monopoly "anywhere in the world." In the United States, it took eight years for the former monopoly, AT&T, to lose a 30 percent share to new competitors.

Such a rapid change in the market has not come without some angst.

The new entrants have complained that the terms of their commercial relations with Telmex are not competitive. Their biggest complaint concerns the interconnection fees they must pay to Telmex for every call made. As Telmex continues (at least for several more months) to hold a monopoly on basic telephone services, all long-distance calls within, into and out of Mexico must at some stage pass through a Telmex exchange. Mr. Rodriguez Soria of Avantel says interconnection fees represent about 58 percent of the average cost of calls, about 50 percent higher than the international average.

While the prices of domestic and international long-distance calls have fallen, the declines have been minimal compared with those in Chile.

"Our pricing strategy is to be competitive but not necessarily the cheapest," says Alestra President Jorge Escalona. "We look to the customers who want the confidence of dealing with AT&T, the world leader. We are selling a brand, and it is a brand that has value."

It remains to be seen what road will be taken when other major markets, including Argentina, Peru and Venezuela, open their long-distance markets beginning in 1999. In these countries, privatized national phone companies continue to enjoy near-monopoly conditions, but with a time limit.

On March 10, Argentina laid out the basic conditions under



Peru and Venezuela will open long-distance markets in 1998.

which competition will commence in November 1999, ending the monopoly enjoyed by Telecom Argentina in the north of the country and Telefonos de Argentina in the south.

Telecom Argentina's president and chief executive, Juan Carlos Masjoan, defends the split monopoly arrangement that has been in place since Argentina privatized the former Entel phone company in 1991. He argues that Argentina was not ready for full deregulation when the phone company was privatized and that five basic conditions were necessary before further opening: more universal service levels throughout the country, clear interconnection conditions for a multicarrier market, a new numbering plan, clear legislation protecting new entrants from predatory action by dominant carriers and a rate rebalancing between local and long-distance calls (implemented last year) to enable existing players to compete with new entrants who would offer only limited services.

"When you look today, what has happened over the last five years is magic," Mr. Masjoan says. "But if you want a more competitive world, guidelines must be transparent."

Matthew Domani

A FIBER-OPTIC CABLE FOR AFRICA

It will link Malaysia, South Africa and Senegal.

An announcement on March 6 that substantial investment has been committed to a new east-west optical-fiber submarine link between the Far East and the west coast of Africa was the most recent indication of the key role that South Africa intends to play in putting the African continent onto the information superhighway.

Africa has in recent years been hampered in its hopes of harnessing the latest telecommunications advances by a combination of economic and political troubles, as well as by the practical difficulties of coordinating initiatives among more than 50 countries. Against this background, the development initiative by Telkom SA, the South African national phone company, to provide the benefits of optical-fiber interconnectivity to diverse regions of Africa will be widely welcomed.

Scheduled to be in service in the year 2000, the \$550 million submarine cable will provide an integrated link between Malaysia, South Africa and Senegal, providing 10 landing points along its route and opportunities for more landings in due course.

The new cable link will effectively become the first leg of a round-Africa cable concept endorsed by the International Telecommunication Union (ITU).

The 15 telecoms companies party to the agreement say that their own funding commitments and outside commitments total \$430 million. A telecoms official associated with the project says that this potential investment subscription of 79 percent "vastly exceeds all other attempts and proposals for similar-type infrastructure that have been on offer to the African continent over the past four years."

The linking of the South Africa-Far East (SAFE) cable with the Southern Africa-Western Africa (SAT-WASC) cable has brought down the individual costs of each. It also has the potential to earn extra revenue by providing back-up capacity for the heavily used east-west routes in the northern hemisphere, explains Rhynie Greeff, Telkom SA's managing executive for international and special markets. Every increase in traffic volume carries with it the prospect of lowering the high cost of telephone services between Africa and the rest of the world.

South Africa's telecommunications leadership in Africa is partly explained by the fact that the country accounts for 5 million of the African continent's 12 million lines. South Africa is also undertaking what is by far the largest single telecommunications investment program on the continent. The estimated cost of its domestic infrastructure projects over the next five years are \$10 billion.

Richard Sygne

Under the chairmanship of South Africa's Posts, Telecommunications and Broadcasting Minister Jay Naidoo, an African Telecommunications Development Steering Committee has been set up to map out a continental communications strategy before an ITU conference, called Africa Telecom 98, to be held in Johannesburg in May.

"Each country has to make its own analysis, set its own goals, but overall we need a principle of consistency in how to bring in public and private sector partnerships for delivery," Mr. Naidoo says.

He recommends action in four essential areas: creating legal and regulatory frameworks, securing financing and investment for telecommunications development, creating delivery mechanisms for development objectives and creating a common approach among African states to improve the continent's bargaining power.

Mr. Naidoo says that some of the most important recent developments in telecommunications in Africa have been wireless local loop technologies, data services and intelligent applications, VSAT (very-small-aperture satellite transmission) services and direct-to-home broadcasting. He adds: "The pace of change shows no evidence of abating."

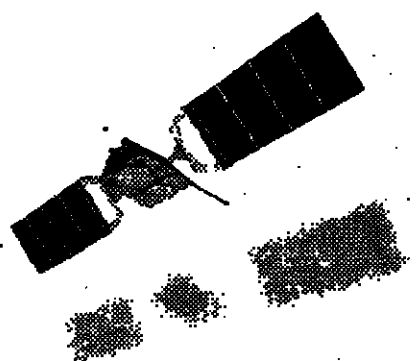
He assesses the importance of the sector not only in terms of economics and trade, but also in its potential contribution to "education, health, business and social services to every village in Africa."

South Africa's Telkom is engaged on a number of fronts, expanding its terrestrial links with its neighbors, establishing gateways for mobile satellite networks like ICO and Globalstar, and helping the Southern Africa Development Community to set up a joint company to provide unified VSAT systems for business customers throughout the region.

According to Telkom's Mr. Greeff, the biggest challenge facing the African continent is "how to balance the need for universal access and increased rollout of systems with the vital importance of improved telecommunications solutions for the high end of business, which drives the continent's economic development."

It is a challenge he compares to "running a marathon race while you are still making the shoes to run with."

South African telecommunications operators, such as Mobile Telephone Networks (MTN), are becoming increasingly active partners in moving African communications forward. MTN is on the point of signing a \$60 million deal with Uganda to install a complete national network and hopes shortly to conclude similar deals with Rwanda and the Democratic Republic of Congo.



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TELECOMMUNICATIONS IN EMERGING MARKETS

Global Mobile Satellite Systems

The launch of a wide variety of new satellite systems is changing the shape of mobile telephony. This list focuses primarily on those systems that will be able to be accessed via a cellular phone, a small portable handset and/or satellite "telephone booths" and that will be capable of providing links to fixed telecommunications networks.

Systems such as Teledesic, which are primarily geared to computer terminals, are not included, nor are those planned by other consortia such as Orbcomm, Vita or M-Star, which do not include voice transmission or which are aimed primarily at institutional users of data.

Geostationary (GEO) satellites occupy an orbital position 36,000 kilometers above the earth and remain in a stationary position relative to the Earth itself. The world's major existing telecommunications and broadcasting satellites fall into this category.

Non-geostationary satellites occupy a range of orbital positions and do not maintain a stationary position, but instead move in relation to the Earth's surface.

A LEO is a low-orbit satellite that passes in Low Earth Orbit, at 700 to 1,500 km from the Earth.

NAME OF SYSTEM	ORBIT	NUMBER OF SATELLITES	SERVICE	OPERATIONAL SCHEDULE
IRIDIUM	LEO	66	voice, data, fax, paging	1998
GLOBALSTAR	LEO	48	voice, data, fax, paging, GPS	1998
KOSKON	LEO	32	voice, data, fax, paging	1997
ECCO	LEO	11 + 1 spare	voice, data, fax, paging	2000
ELLIPSO	LEO/MEO	17	voice, data, paging, e-mail	2000
ICO	MEO	10	voice, data, fax, paging	2000
SPACEWAY	GEO	12	voice, data, video, broadband	2000
CELSAT	GEO	3	voice, data, fax, paging	2000
IRIDIUM	LEO	66	voice, data, fax, paging	1998
GLOBALSTAR	LEO	48	voice, data, fax, paging, GPS	1998
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SPACEWAY	GEO	12	voice, data, video, broadband	2000
CELSAT	GEO	3	voice, data, fax, paging	2000

Sources: Iridium, Via Satellite, ITU and operators

MULTIMEDIA GETS SET TO THROW OFF ITS TETHERS

Asia's emerging markets are preparing to embrace leading-edge mobile communications.

Next-generation mobile multimedia communications are coming to the emerging markets of Asia, bringing Internet access, videoconferencing and new yet-to-be-defined services to the region. And, in what would be a boon for users, momentum is building throughout the area to get behind a single global standard that would allow users to carry the mobile telecommunications gear they use at home wherever they roam.

Japan's NTT Mobile Communications Network Inc. (NTT DoCoMo) has championed wide-band code-division multiple-access (WCDMA) as the technology that will enable this revolution in mobile communications. NTT DoCoMo President Kouji Obhoshi says the company picked WCDMA as the most promising of several techniques proposed to deliver the same high data-transfer rates wirelessly that customers now depend on when they are wired into a network.

After four years of intensive de-

velopment, WCDMA is ready to transmit digitized data at up to 2 million bytes a second. That's more than 200 times as much data as the 9,600 bytes per second of services now widely available, and more than 30 times as much as the 64 kilobytes per second of services now gaining wider use.

Starting with Asia

NTT DoCoMo recognized that making WCDMA a global standard would require enlisting the help of carriers and equipment manufacturers from around the world to further the technology. LM Ericsson AB of Sweden, Nokia Group of Finland, Motorola Inc. of the United States and Japan's NEC Corp., among others, have contributed to WCDMA development.

But NTT DoCoMo has made particular efforts to involve companies and countries within Asia. "We really started with Asia," Mr. Obhoshi says. From early on, researchers from NTT DoCoMo and

South Korea's SK Telecom worked side-by-side.

Shin Bae Kim, director of business strategy for SK Telecom, says it was natural to cooperate with NTT DoCoMo because both firms "had a common goal to establish a global standard."

NTT DoCoMo will also cooperate with SingTel Mobile of Singapore to conduct field trials in that city this fall. And NTT DoCoMo has signed memorandums of understanding for mutual cooperation with Indonesia's PT Telekom and the Philippines' Smart Communications.

As a result, Mr. Obhoshi says roughly 80 percent of Asia's telecommunications market is already behind WCDMA, either formally or informally.

Toward a global standard

The drive for a global standard got a boost in January when a meeting of the Special Mobile Group of the European Telecommunications Standards Institute decided on a radio

interface for the European standard for a future mobile system. The decision incorporates elements from WCDMA and from a technology called time-division CDMA.

But there is still hard work to be done. One thorny issue is intellectual property rights. Obhoshi plans to push the idea of forming a consortium to pool all related intellectual property rights and reach a consensus on handling those rights in a "reasonable" way. Chien Ping Lung, chief executive officer of SingTel Mobile, believes the demands of users will spur carriers and equipment makers to reach an agreement that will enable a "seamless" global network. "The question of being contactable irrespective of where you are is extremely important to customers," he says.

Users in Japan could be offered WCDMA services as early as 2000. Mr. Obhoshi expects the rest of Asia will introduce the technology between 2000 and 2005.

Dennis Normile

SATELLITES BRING ACCESS TO REMOTE AREAS

Regions with low population density may benefit from linking satellite systems to mobile or fixed-line and mobile networks.

While the use of mobile phones is increasing rapidly in the larger cities of Asia, Africa, and Latin America, those in the more rural, or remote, areas of developing countries may now be able to catch up, thanks to advancements in satellite technology and services. Because new satellite handsets can also be linked to international fixed and mobile networks, users in all areas could soon benefit from global access.

Between now and the end of the year 2000, new "constellations" of satellites are due to be launched by international consortia such as ICO Global Communications, Iridium and Globalstar.

Using low or medium Earth orbits and a series of terrestrial-based "gateways" that are scattered around the globe, they will provide mobile voice and data communications to areas — such as China, Indonesia and large parts of Africa and the Arabian Peninsula — where the installation of fixed and mobile infrastructure has been prevented by either the high costs involved or the lack of commercial incentives for private suppliers due to the low density of the population.

Mass production

The ability to mass produce such satellites, as Alcatel Telecom has demonstrated at its huge industrial complex in Toulouse, is another factor encouraging the development of global systems, especially since such production methods dramatically reduce the cost of payloads and the time needed to deliver the orbs to their launch sites.

Iridium's system, which is being set up by the Motorola Satellite Communications Group of the United States, involves the launch of 66 satellites in low Earth orbits

that will communicate with handheld telephones and pagers around the world. Services are due to begin by the end of this year.

ICO, whose shareholders include Inmarsat, Singapore Telecom, VSNL of India, Satellite Phone Japan, KCO Korea Company, Beijing Marine Communications and Navigation, and Etisalat of the United Arab Emirates, as well as Deutsche Telekom Mobil of Germany, Greece's OTE and TRW of the United States, is looking to start operations by the year 2000.

Using medium Earth orbits, its 12-satellite system is expected to be used by rural mobile phone subscribers in more than 46 different countries, as well as government and business users in mining, transportation, aeronautical, maritime, media and other specialist sectors. Calls are expected to cost between \$0.50 and \$3.10 a minute,

financial analysts in London report.

Globalstar, which is led by Loral Space & Communications of the United States and whose partners include Alcatel of France, France Telecom, Daimler-Benz Aerospace, Hyundai Space Systems of South Korea, Vodafone of the United Kingdom and another U.S. concern, Qualcomm, is launching satellites and completing the construction of 38 gateways for its low Earth-orbit service, which will be based on code-division multiple-access (CDMA) technology.

Integrating other systems

This means that subscribers will be able to benefit from global access using the new "third generation" mobile phones that will allow access to e-mail, the Internet and other data, as well as voice communications.

The development of advanced digital-switching technology will also help to integrate satellite-based mobile systems using different standards and to promote convergence between mobile and fixed-line networks. Lucent Technologies of the United States pioneered such switches with its SESS version, which has been hugely successful in the United States and which is now being sold to governments and private sector companies in developing countries.

Other technological developments, such as miniaturized radio components from the Dutch electronics company Philips, will allow new satellite-based handsets to use up to 10 times less power than conventional mobile phones, industry sources say, thereby extending battery life and reducing costs for rural users.

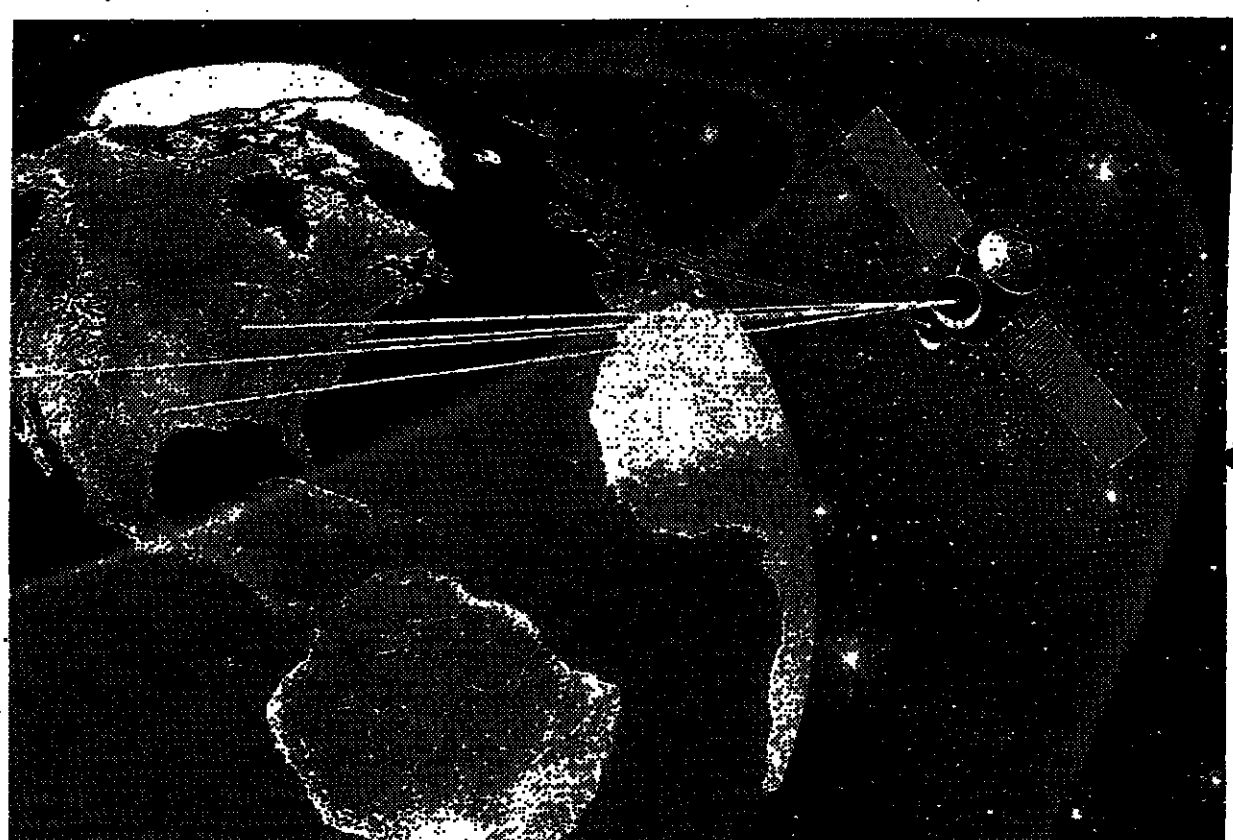
Aside from the interna-

tional satellite consortia, regional players are also lining up to expand their mobile communications services via the skies.

Singapore Telecom and the Chunghwa Telecom Company of Taiwan have joined together to launch the ST-1 satellite system, which will provide telephone and television services, throughout Asia. ST-1 will use very small aperture terminal (VSAT) technology, which helps to reduce the size of mobile handsets and satellite receivers.

Talks are also continuing on ways to launch the Multimedia Asia (M2A) satellite, which has been delayed by the continent's financial crisis. Ordered by PT Pasifik Satellite Nusantara of Indonesia, it aims to provide mobile telephone and multimedia services starting next year.

Pamela Ann Smith



TALKING IT UP IN CENTRAL AND EASTERN EUROPE

Both the number of mobile phone subscriptions and the amount of usage is growing fast in the region.

Central and Eastern Europe's mobile phone markets are booming, with subscribers in Poland, the Czech Republic, Slovakia and Hungary signing up in droves.

The number of subscribers is growing at a rate of more than 100,000 per month across these four countries, and the average hours of usage per phone per month is phenomenal.

Users are quick and eager to exploit new features and services. According to US West International, which has digital mobile interests in each of the countries, the average number of minutes of usage each month is 250 in the region, two-and-a-half times that in the United States or the United Kingdom.

The really dramatic growth has come in the last 18 months, since the rollout of digital services, most spectacularly in Poland.

In Poland, the Era Global System for Mobile (GSM)

digital service had attracted 295,000 subscribers by the end of 1997, less than 11 months after its launch.

It had to apply to the government for extra radio spectrum to cope with demand and is close to catching up with Plus GSM, the original

subscriber base.

Trading up from analog In 1997, two GSM operators were born in Slovakia: EuroTel Bratislava and SlovTel. At the end of 1997, they had acquired 111,900 and 58,000

subscribers respectively, eclipsing the number of analog users, which stands at 35,000.

And while Hungary saw a slowdown in the take-up of digital cellular service in 1997 compared with the boom of 1996, a reflection of the Hungarian national economy, it is still a fast-moving, highly lucrative market.

Westel 900 had 360,000 subscribers at the end of last year, and Pannet had 260,000.

Both GSM operators launched their services in March 1994. Many analog customers have traded up to digital services, leaving a subscriber base of 79,000 at the close of 1997.

Ken Denman, chief operations officer for European

They read the manual

Mr. Denman says that the business users are exploiting wireless services for sending short message and data.

"These users are used to the convenience and productivity gains offered by mobile and exploit them to the full," he explains.

"Unlike those of us who have enjoyed access to telephones for years, they are prepared to read the manual and try out new features. As they have no preconceptions, ironically, these late adopters are leapfrogging earlier adopters. They have access to the latest and the greatest without barriers to acceptance."

A.T.

Wireless with US West International, says, "The enormous take-up of services reflects the burgeoning economies — GDP growth rates of 8 or 9 percent — and in many places is due to the rise of small and medium-sized enterprises (SMEs) and entrepreneurs who recognize that communications are crucial."

He adds, "Initially, subscribers tend to be businesspeople, but as they typ-

ically work in SMEs, the line between business and social use is fuzzy. In Hungary, the most mature market, there are now more consumer than business subscribers."

For many, mobile has replaced fixed-line phones, which until recently were generally not easily available.

They read the manual

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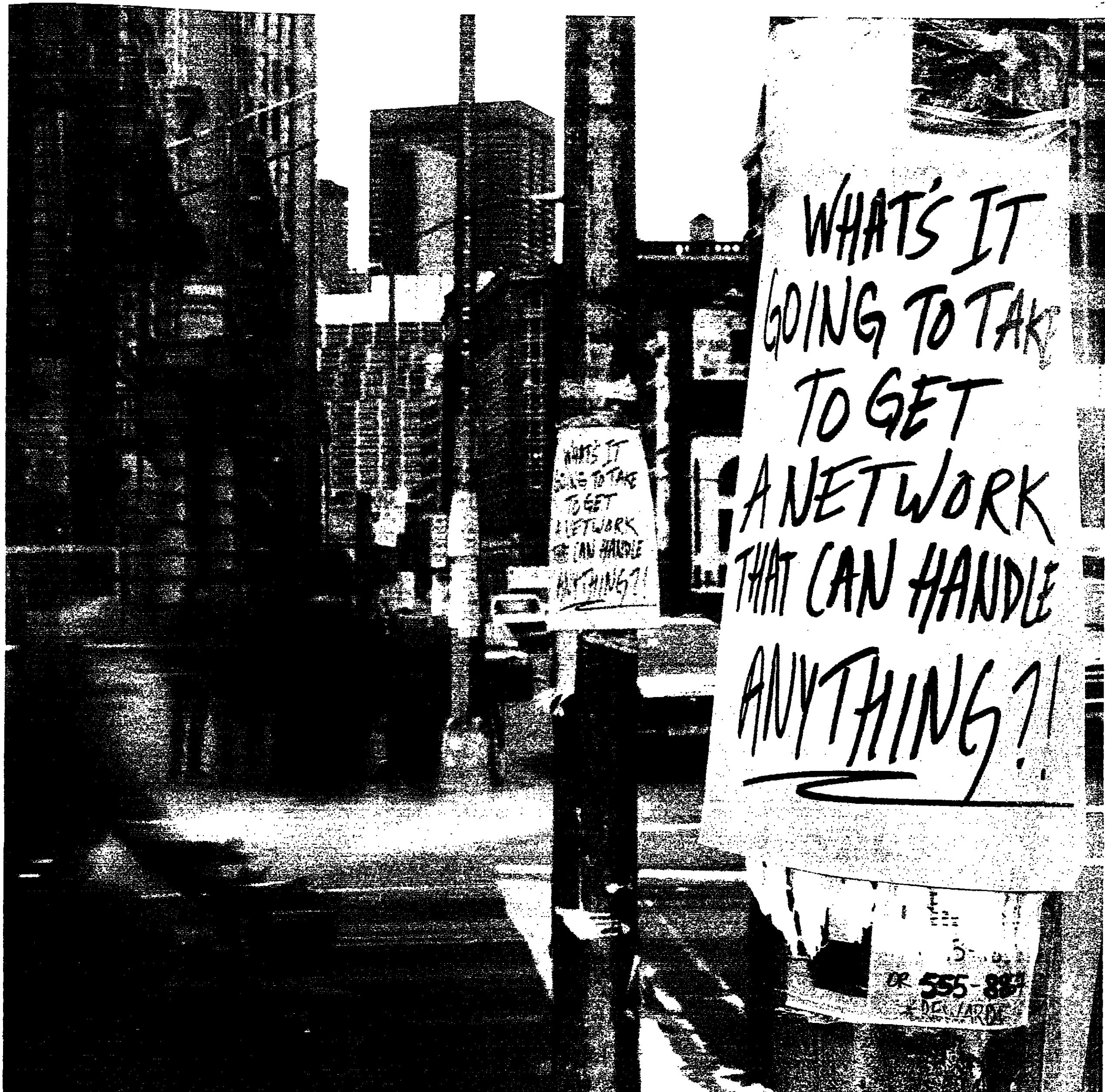
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OFF ITS TETHERS

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EASTERN EUROPE



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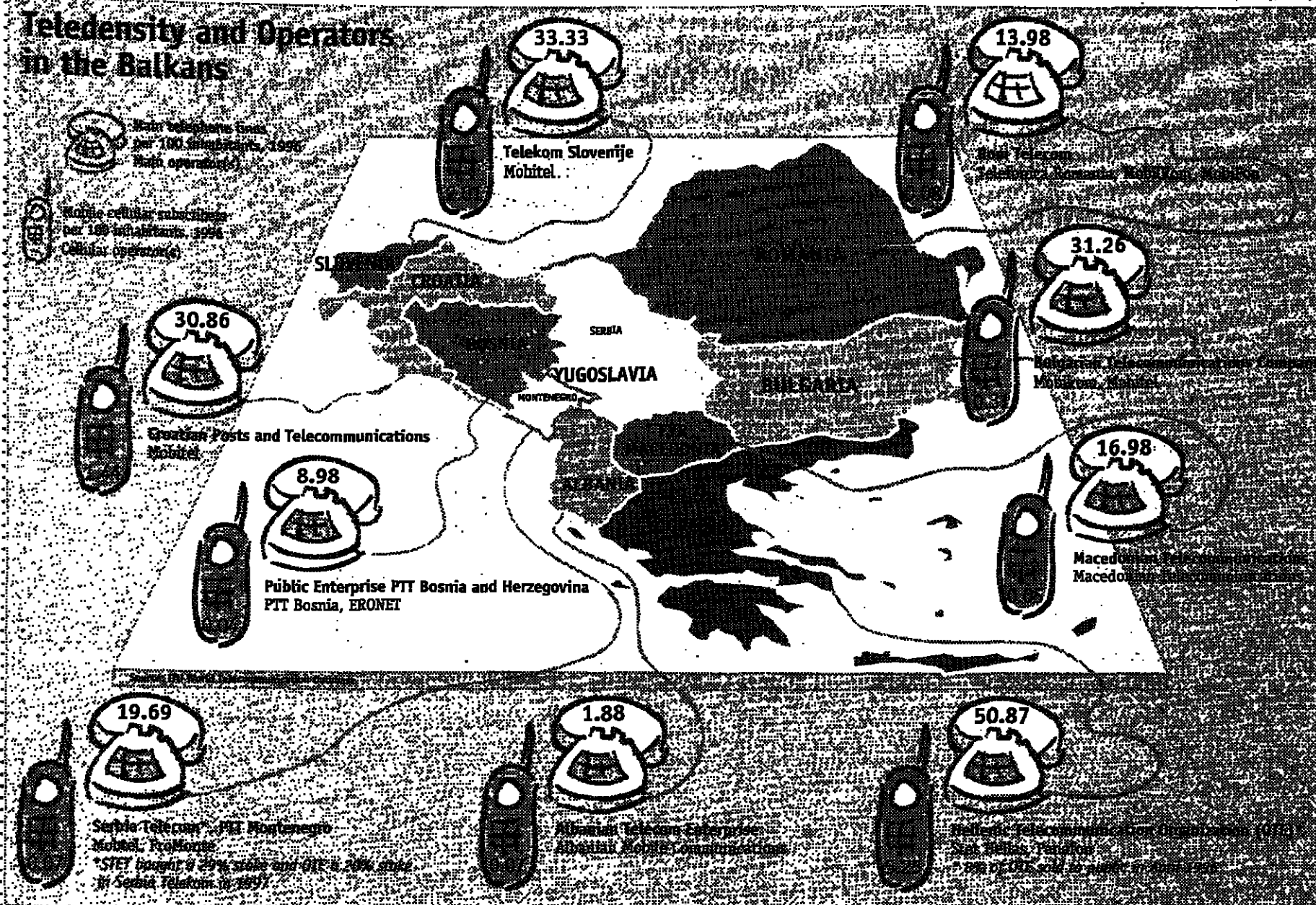
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TELECOMMUNICATIONS IN EMERGING MARKETS: SOUTHEASTERN EUROPE

Teledensity and Operators in the Balkans



CAN SOUTHEASTERN EUROPE CATCH UP?

Greece is capitalizing on its ties to take a lead in getting involved in the region.

A deep divide separates the countries of Central and Eastern Europe from the countries of the Balkan Peninsula. While countries like Poland, the Czech Republic and Hungary have moved, usually with alacrity, to deal with the problems inherited from the past, the Balkan countries have lagged behind.

Nowhere is this so obvious as in telecommunications. While most of the important telecom operators in the CEE have been privatized, prospects for the privatization of Balkan carriers are uncertain, tied up as they are with regional and local party politics. Nevertheless, there are plans for privatization in the region.

Serbia has accepted the Greeks and the Italians as partners, selling 29 percent of Serbia Telekom to STET SpA of Italy and 20 percent to OTE of Greece.

Bulgaria, Romania and the former Yugoslav republic of Macedonia also intend to sell off parts of their state-owned carriers.

Given the rapid rate of technological progress in telecommunications as well as the importance the sector has acquired as a factor conducive to economic growth, these countries can no longer afford to lag behind. Yet most of them remain suspicious both of their immediate neighbors and of large countries farther to the west.

The one country that appears to have a comparative advantage in gaining contracts is Greece. Traditional ties are one factor, and European Union membership is another. Geographical proximity and Greece's small size also contribute, along with the modernization of the country's telecommunications infrastructure.

The Hellenic Telecommunications Organization (OTE) is carefully maneuvering into position to capitalize on these advantages.

Regional cooperation

The size of the market of each of the Balkan countries separately does not allow for economies of scale and other external synergies that are critical for the efficient operation of industries like telecommunications. It is slowly becoming apparent, though, that these countries are trying to address this problem through regional cooperation.

Just a few weeks ago, a Memorandum of Understanding was signed in Athens by all operators of the region regarding the establishment of a common Balkan Telephone Card. The advantages are obvious: A Greek resident would be able to use a public pay phone in Bulgaria and pay with a card purchased in Greece.

Convenience is thus ensured. What is equally important, however, is the fact that such an operation demands the creation of regional software to run the program as well as, in all probability, common hardware.

OTE intends to be a major player in the area in the next few years. Its efforts are supported by major equipment suppliers like Intracom SA and by an entire network of Greek businesspeople, Greek banks and Greek personnel. It is a sort of "integrated" approach to privatization and modernization: A joint venture is created in countries like Serbia, know-how is brought in, old equipment is replaced and new equipment is installed, banks provide the financing, and traditional ties between Greece and its neighbors help deal with local problems and sensitivities.

Research and development

OTE has even tried to coordinate all national research and development activities in the sector. It played an important role in the creation of the Information Society Forum, which brought together all public and private research organizations active in telecommunications. And it is rapidly building up its own Research Center, with the aim of making it function smoothly in a pan-European environment.

West European telecommunication organizations are thus faced with a challenge, while American companies have tended to stay away. Their preoccupation with short-term profits and quick return on investment, their impatience with local customs, which invariably prolong all transactions, and their limited marketing experience in selling to Eastern Europe and the Balkans has kept most of them out of the market. Companies like Ameritech, US West and Air Touch (the latter in mobile telephony only), which are currently engaged in the area, are exceptions.

The job ahead promises to be anything but easy. The intermingling of politics and economics, suspicions old and new, the influence of large West European state telecommunication firms, the small size of the market and the difficulties in creating and maintaining regional cooperation norms all point to a hazy picture as far as the modernization of Balkan state telecommunication entities is concerned. Yet privatization and modernization will have to move along — at least if the aim is to either remain or to become internationally competitive.

Anthony Kefalas

FOR GREECE, TELECOM MODERNIZATION STARTS AT HOME

The Greek telecoms operator is refocusing its expansion plans on the Balkans as it prepares for further privatization.

The installation of new management at OTE, the Greek telecommunications monopoly, has been complemented by an unplanned event, the devaluation of the drachma. Together, these two developments offer new and much improved perspectives for the mostly state-owned company, whose full name is the Hellenic Telecommunications Organization SA.

George Chrysosouris, an MIT graduate and former advisor to Prime Minister Costas Karamanlis, has moved rapidly to develop a new business plan for OTE. The plan revolves around a geographical refocusing of the company's activities, the introduction of new services and the restructuring of its management.

Mr. Chrysosouris belongs to that brand of professional managers and technocrats who have started to run Greece's public sector companies as the government tries to deal with their inadequacies.

Paring down

He has moved to improve managerial efficiency. After hardly two months in office, he has pared down the number of top managers, from eight to four, while the whole middle and top managerial class is under review by three

independent international advisory firms. The new organization is expected to be in place before the end of the year.

Mr. Chrysosouris has also refocused OTE's activities closer to home. Prior to his arrival, OTE had plans to expand in the Balkans, the Middle East and the territory of the former Soviet Union. In early December, OTE agreed to pay \$142.5 million for a 90 percent share of ArmenTel, the Armenian telecommunications company. Through its daughter company HellasKom, OTE had signed a \$14 million contract to install a fiber-optic network in the Republic of Georgia.

To date, HellasKom has undertaken 12 major projects in Lithuania, Armenia and Georgia, worth \$62.5 million in total.

Soon after his arrival, Mr. Chrysosouris issued a statement saying that OTE's offer to buy 40 percent of Jordan's telecommunications company had been withdrawn. He also stressed that all of OTE's plans to expand into non-Balkan countries would be carefully examined. Such plans, he added, would proceed only after detailed review and if they clearly showed that the advantages outweighed the disadvantages for OTE.



George Chrysosouris, the new managing director of OTE, is leading a restructuring of the Greek operators' management, refocusing the company's foreign activities in Southeastern Europe and planning to introduce new services, including mobile communications and Internet.

Maria Markopoulou, a spokeswoman for OTE, has indicated that the company's priorities now center on Romania, Serbia, Bulgaria, Moldova and possibly the former Yugoslav republic of Macedonia.

In June 1997, Serbia sold a 49 percent stake in Serbia Telekom to OTE and STET SpA of Italy in a deal worth more than \$900 million.

OTE also plans to enter the mobile communications market as the third GSM (Global System for Mobile) operator in Greece and to aggressively expand its role as an Internet provider. The devaluation of the

drachma has offered OTE an unplanned but valuable opportunity. The company has already sold, through two initial public offerings, 9 percent and 11 percent of its equity respectively. Its shares, though, have traded poorly on the Athens Stock Exchange.

Cheaper drachma

Devaluation is expected to bring down interest rates and to benefit the stock market. This, in turn, will benefit Greek blue chip companies like OTE.

The greater benefit, though, will come from further privatization of the company.

Acting under pressure from the European Commission in Brussels, the Greek government has already announced that it will adopt even more stringent monetary, fiscal, and wage and salary policies. The country aims to reduce inflation to below 2 percent and to balance the budget by 1999.

For this to occur, large scale privatization has to take place, and OTE is a certain candidate.

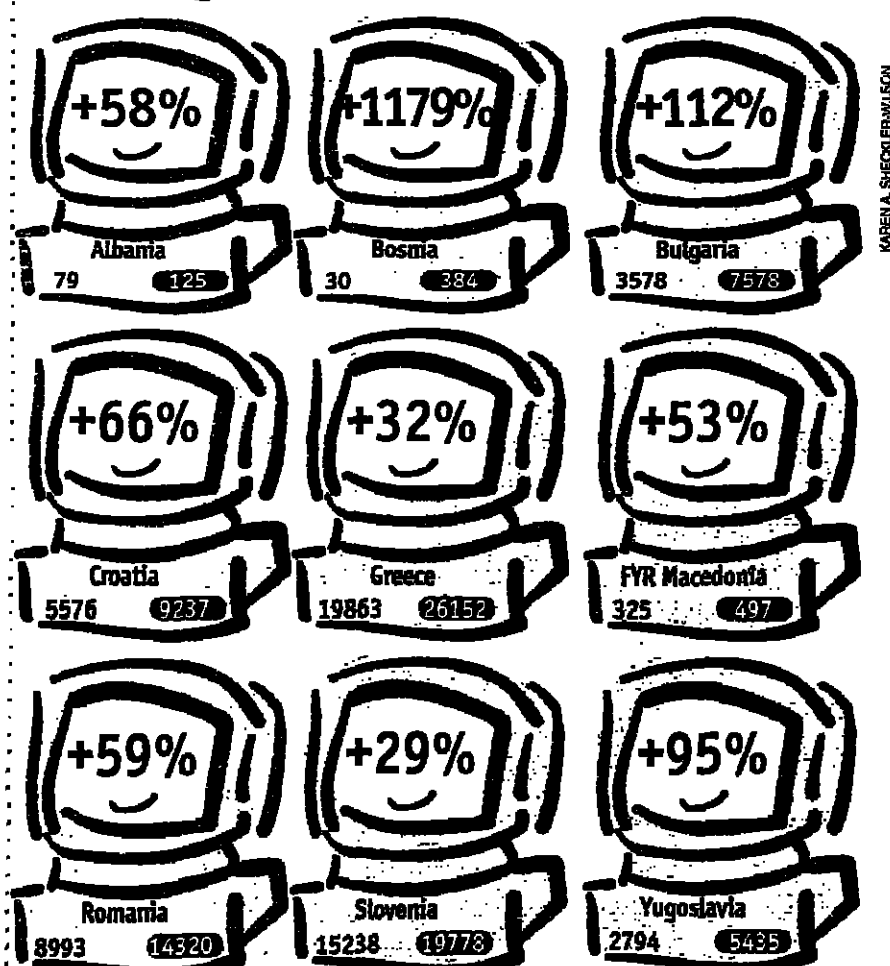
Direct procurement contracts have also played a role in OTE's expansion and modernization. These were phased out at the end of last year, but not before OTE had

handed out contracts to modernize the company's infrastructure. "Over the last few years, investments in telecommunications have been delayed," says Mr. Chrysosouris. "As a result," he adds, "the company's network has been digitized by only 50 percent."

On the basis of the new contracts, the company will be fully modernized by the year 2001 — the year Greece is expected to enter European Monetary Union.

A.K. For more information: OTE Tel: +30 1 611 5766, +301 611 5058 Fax: +301 611 5765

Growing Internet Use in the Balkans



number of Internet host computers by country in February 1997
number of Internet host computers by country in February 1998

Source: OTE

INTERNET USE IS GROWING, BUT NO BOOM YET

Service providers are trying to get more Greeks on-line and looking forward to entering other Balkan markets.

While the Greek Internet market still lags behind the rest of Europe, with less than 1 percent of the country's 10 million inhabitants on-line, the industry is expanding rapidly. Last year's launch of OTEnet, a subsidiary of the partially privatized Greek telecoms operator OTE, is seen as a welcome stimulus to the industry.

OTEnet's goal, according to Antonis Lyrantoukakis, head of research and development, is to close the gap with Greece's European neighbors. "We foresee user figures doubling each year, with 10 percent of households using the Internet by the year 2000."

Within a year, OTEnet has captured the largest market share — a quarter of the country's dial-up subscriptions and 20 applications a month for permanent lines — but in a country with fewer than 1 million PCs, Mr. Lyrantoukakis is quick to emphasize the need for advertising. "Greeks are not convinced of the benefits that come from the Internet, and even those companies that

decide to invest are not completely convinced, so they invest the least possible," he says. Estimates put the number of business PCs in Greece at 550,000 and the number of companies connected to the Internet at only 14,000.

In 1997, OTEnet spent 160 million drachmas (\$496,000), or 15 percent of its budget, on advertising, and it will spend 250 million to 300 million drachmas this year, a figure OTEnet estimates to be equal to the advertising budgets of the approximately 20 other Greek Internet service providers combined.

The general manager of Hellas On Line, Panos Sarantopoulos — whose company (with 8,000 subscribers) is one of the four dominant local Internet service providers, along with OTEnet (15,000 subscribers), Fortinet (11,000 subscribers) and Compulink (5,500 subscribers) — credits OTEnet's heavy promotion with enlarging the pie.

"We feel Greece is at the same state the computer industry was 15 years ago: They were selling first 'Why a PC,' then 'My PC,' but we definitely haven't reached the boom," says Mr. Sarantopoulos. "So there is tremendous potential."

Mr. Sarantopoulos points to the Greeks' extroverted character and preference for doing business face-to-face as a reason for the delay in PC and Internet use.

"But the new generation is changing," he says. "As the infrastructure becomes richer and more available, as terminals become more friendly, as the market is liberalized, Greek companies have to adopt new methods if they want to survive."

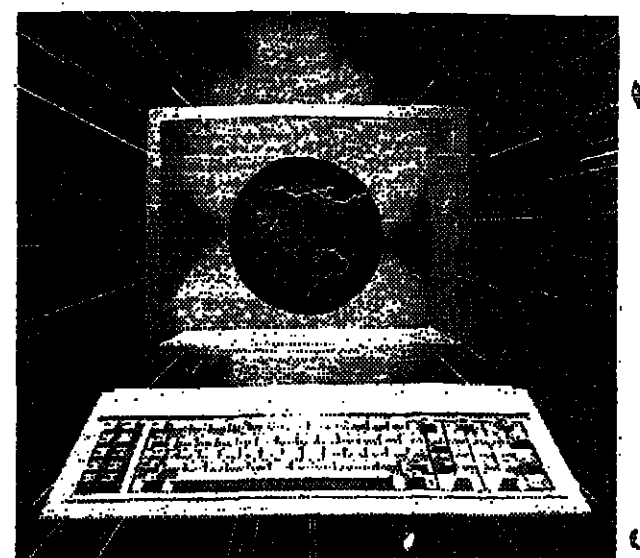
The goal for Internet service providers is to convince 10 percent of the approximately 700,000 Greek businesses to become permanently connected to the Internet, according to Mr. Sarantopoulos. Currently, 1,500 Greek companies have taken Internet domain names, giving themselves an international presence on the Web, with the Balkans as the logical market.

"We intend to make OTEnet the Internet node for the Balkans," says Mr. Lyrantoukakis of OTEnet. Of the estimated 100,000 Greeks now using the Internet, according to an October 1997 survey by market research firms Creative Marketing and Amer Nielsen Research, 93 percent are male, half are between 25 and 34 years of age and university educated, and two-thirds

spend an average of two hours daily on the Internet, most often between 8 P.M. and midnight. Businesspeople account for 41 percent of Internet users, employees for 37 percent and students for 19 percent.

The survey predicted the number of Internet users would double in 16 months.

Pat Hamilton



The goal is to get 10 percent of Greek businesses on the Internet.

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AD	AD	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AE	AE	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AF	AF	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
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AL	AL	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AM	AM	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AN	AN	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AO	AO	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AP	AP	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AQ	AQ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AR	AR	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AS	AS	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AT	AT	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AV	AV	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AW	AW	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AX	AX	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AY	AY	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
AZ	AZ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BA	BA	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BB	BB	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BC	BC	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BD	BD	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BE	BE	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BF	BF	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BG	BG	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BH	BH	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BI	BI	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BJ	BJ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BK	BK	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BL	BL	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BM	BM	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
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BO	BO	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BP	BP	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BQ	BQ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BR	BR	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BS	BS	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BT	BT	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BV	BV	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BW	BW	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BX	BX	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BY	BY	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
BZ	BZ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CA	CA	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CB	CB	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CC	CC	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CD	CD	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CE	CE	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CF	CF	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CG	CG	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CH	CH	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CI	CI	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CJ	CJ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CK	CK	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CL	CL	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CM	CM	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CN	CN	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CO	CO	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CP	CP	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CQ	CQ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CR	CR	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CS	CS	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CT	CT	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CV	CV	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CW	CW	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CX	CX	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CY	CY	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
CZ	CZ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DA	DA	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DB	DB	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DC	DC	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DD	DD	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DE	DE	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
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DG	DG	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DH	DH	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DI	DI	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DJ	DJ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DK	DK	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DL	DL	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DM	DM	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DN	DN	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DO	DO	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DP	DP	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DQ	DQ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DR	DR	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DS	DS	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DT	DT	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DV	DV	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DW	DW	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DX	DX	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DY	DY	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
DZ	DZ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EA	EA	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EB	EB	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EC	EC	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
ED	ED	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EE	EE	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EF	EF	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EG	EG	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EH	EH	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EI	EI	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EJ	EJ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EK	EK	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EL	EL	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EM	EM	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EN	EN	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EO	EO	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EP	EP	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
EQ	EQ	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
ER	ER	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
ES	ES	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	110.00
ET	ET	110.00	0.00	100	110.00	0.00	10.00	1.00	110.00	11

the date in the list above is the day supplied by the fund groups to Micropal SA. It is collected and reformatted into the list below being transmitted to the IHT. Micropal and the IHT do not warrant the quality or accuracy of the list, the data or the performance of funds of the Fund Groups and will not be liable for the list, the data or the performance of funds of the Fund Groups. The IHT or Micropal do not sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

AS-Australian dollars; AU-Austrian Schillings; BRL-Brazilian Reals; BZ-Belizean Dollars; DM-Deutsche Marks; Dn-Danish Kroner; Do-US Dollars; DZ-Algerian Dinars; FFr-French Francs; FF-French Francs; Ft-Finnish Mark; FL-Dutch Florin; IDR-Indonesian Rupiah; Lf-Lithuanian Lit; Lm-Luxembourg Franc; p-peso; PFR-Panama Pabais; Pz-Puerto Rican Pesos; S\$S-Singapore Dollars; Sfr-Swiss Franc; Swk-Slovakian Koruna; THB-Thai Baht; Y-Yen.

—mixed — Other Prices; N.A.—Not Available; A.C.—Not Communicated; o-New; S-compensated; AS—stock price; E—Ex-Dividend; —Ex-Rate; o-Other Prices Inc. 34. pct. prior charge; —Paris exchange; —American exchange; —adjusted; —regulatory authority; P-Middle of bid and offered price; E—estimated price; y-price calculated 2 days prior to publication; z-bid price.

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1

DAVE BARRY

The Science Project

MIAMI — Today's topic for young people is: How To Do A School Science Fair Project.

So your school is having a science fair! Great! The science fair has long been a favorite educational tool in the American school system, and for a good reason: Your teachers hate you.

Ha ha! No, seriously, although a science fair can seem like a big "pain," it can help you understand important scientific principles, such as Newton's First Law of Inertia, which states: "A body at rest will remain at rest until 8:45 P.M. the night before the science-fair project is due, at which point the body will come rushing to the body's parents, who are already in their pajamas, and shout, 'I JUST REMEMBERED THE SCIENCE FAIR IS TOMORROW AND WE GOTTA GO TO THE STORE RIGHT NOW!'"

Being driven to the store by pajama-wearing parents at the last minute is the most important part of any science-fair project, because your project, to be legal, must have an Official Science Fair Display Board.

A good hypothesis might be: There is a lot of gravity around.

This is a big white board that you fold into three sections, thus giving it the stability that it needs to collapse instantly when approached by humans. The international scientific community does not recognize any scientific discovery that does not have an Official Science Fair Display Board teetering behind it; many top scientists fail to win the Nobel Prize for exactly this reason.

Whatever topic you select, your project should be divided into three parts: (1) The Hypothesis; (2) The Part That Goes After The Hypothesis; and (3) The Conclusion (this should always be the same as the Hypothesis).

The hypothesis — which comes from the Greek words "hypot," meaning "word," and "esis," meaning "that I am looking up in the dictionary right now" — is defined as "an unproved theory, proposition, supposition, etc. tentatively accepted to explain certain facts." For example, a good hypothesis for your science-fair project might be: "There is a lot of gravity around." You could prove this via an experiment in which you pick up various household items such as underwear, small appliances, siblings, etc., and observe what happens when you let go of them. Your conclusion would of course be: "There is a lot of gravity around." This would be dramatically illustrated, in your science-fair exhibit, by the fact that your Official Science Fair Display Board was lying face-down on the floor.

If that project sounds like too much effort, you might consider duplicating the one that my wife swears she did in the seventh grade late on the night before the science fair. It was called "Waves," and it consisted entirely of a baking pan filled with water, and a pencil. "You swished the pencil around in the water, and it made waves," my wife explained.

I asked her what scientific principle this project demonstrated, and after thinking about it for a moment, she answered: "The movement of the water." Impossible though it may sound, I did a project in sixth grade that was even larger than that. It was called:

It can help you understand Newton's First Law of Inertia.

The total elapsed time involved in conceiving of and constructing this project was maybe 10 minutes, of which at least nine were devoted to scribbling. But it still might have been a success had it not been for the fact that some of my fellow students found it amusing to snatch up the Moon and throw it, so that it became sort of a gypsy exhibit, traveling around the Harold C. Crittenden Junior High School gymnasium, landing in and becoming part of other projects, helping to demonstrate magnetism, photosynthesis, etc.

Of course if you want to get a good grade, you have to do a project that will impress your teachers. Here's a proven winner:

HYPOTHESIS — That [Name of Teacher] and [Name of Another Teacher] would prefer that I not distribute the photo I took of them when they were "chaperoning" our class trip to Epcot Center and they ducked behind the cottage-cheese exhibit in the Amazing World Of Curds. Depending on the quality of your research, you might get more than a good grade from your teachers: You might get actual money! Yes, science truly can be rewarding. So why wait until the last minute to start your science-fair project? Why not get started immediately on exploring the amazing world of science, without which we would not have modern technology. Television, for example. Let's turn it on right now.

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Belle Epoque Ballooning and Lunch at Maxim's

By Mary Blume
International Herald Tribune

PARIS — Man has triumphed in every sort of air- and spacecraft with only the balloon, invented in the 18th century, still defying its aeronauts, as this past winter's attempts at nonstop round the world trips have shown.

In earlier times all seemed possible and was for Alberto Santos-Dumont, who invented the steerable balloon or dirigible and in 1901 won a prize for a half-hour controlled flight around the Eiffel Tower and then moved on to the airplane, in 1906 winning another prize for the first heavier-than-air flight of more than 100 meters. "Le Petit Santos," as he was called, was the hero of Paris and of his native Brazil, appearing there on stamps and banknotes. Rio's airport was named after him, as was the still-produced Santos wristwatch, invented by his friend Louis Cartier because Santos tended to be too busy aloft to consult his pocket timepiece.

He was a small, sleek man-about-town with large deluded dark eyes, the miracle being that his delusions came true even if the man himself resists capture in mere words. His latest biographer, Nancy Winters, a London-based novelist, poet, travel writer and air buff, wisely avoids trying to pin him down in her slim new book, "Man Flies: The Story of Alberto Santos-Dumont" (Bloomsbury), giving just an episodic account of his life and deeds. Earlier biographers failed, as did Santos himself in his own "Dans l'air," which begins a description of the making of coffee with the words, "The berries of black coffee are red when they are green."

Born in 1873, the dreamy son of a plantation owner known as the Coffee King of Brazil, young Santos began thinking of balloons when he read Jules Verne and learned to operate and repair his father's equipment. At the age of seven he was driving traction machines, at 12 the locomotives of the plantation's 60-mile (100-kilometer) railway.

When he was 18, his father was paralyzed in a riding accident and

went to Paris for medical treatment, where he died. Alberto, who had accompanied him, found himself on his own with a large fortune and his dreams.

Paris of the Belle Epoque was enjoying balloon fever (a lady in Montmartre rose weekly in a captive balloon, seated on a settee and playing a violin) and Alberto quickly designed the "Brazil" in Japanese silk and bamboo, the smallest balloon ever made, weighing only 44 pounds (20 kilos) and easily carried in his valise.

No ascetic, he went aloft with substantial meals washed down with Champagne, coffee and Chartreuse, having practiced eating aloft by raising the dining table and chairs in his flat six feet from the floor.

The Brazil remained his favorite, but it suffered, like all balloons then, from being uncontrollable. He invented a small engine and his yellow airships became a familiar sight, with Santos dangling in a basket, a bicycle seat and, at one point, simply a long pole. He had, a journalist observed, "an endearing oddness."

Even with a steering device, descents were unexpected. He landed once on a window ledge on the Avenue Henri-Martin and another time in the tallest chestnut tree in the garden of Edmond de Rothschild, where he enjoyed a lunch sent up by a neighbor, the daughter of the emperor of Brazil, while repairs were being made. He was widely known and respected for his oddity, courage and wealth (he never took money for or patented any of his inventions). Since he rose early to avoid the winds, he could put in a full morning's ballooning before heading for his regular table at Maxim's for lunch.

If the lakes and rose gardens of the Rothschilds and other friends were never safe from his unexpected landings, guests were royally entertained in his flat on the Rue Washington, off the Champs-Élysées, where he later had a landing platform installed. He called himself the sportsman of the air and in 1901 became an acknowledged hero for girdling the Eiffel Tower in a half-hour controlled flight, his third attempt. The streets were so crowded that men watching from



Santos-Dumont with his portable airplane, the Demoiselle.

bridges fell into the Seine. He gave his prize money away.

Invited to be the first guest of honor of the Aero Club of Britain, he received the usual adulation, except from Lord Northcliffe of the Daily Mail, who saw the dirigible as a threat: "England is no longer an island. There will be no more sleeping safely behind the wooden walls of England with the Channel our safety moat."

With a newly improved model, the No. 6 (he made a total of 10 airships, nine really since he was superstitious about the number 8 and never named one that), he drove down to Monte Carlo to fly over the Mediterranean, which turned out to be tricky not only because of sudden winds but because the ruler, Prince Albert, wish-

ing to be helpful in a chase yacht, sent up a dangerous blast of smoke and sparks that could have blown up the airship. (Santos later extinguished a dangerous flame in No. 9 with his floppy Panama hat.)

He had experimented with a helicopter, for which no engine could be found, turned to making an airplane out of box kites and on Oct. 22, 1906, flew for what more than 1,000 witnesses claimed was 60 meters (the judges were too excited to measure the exact distance). The following month, wearing the world's first ailerons — sewn into the back of his jacket and controlled by his samba-like movements — he flew for 220 meters in 21.2 seconds. The celebrations were thrilling: at that time no one knew about the brothers Wright.

Another airplane, the Demoiselle, in bamboo and Japanese silk, could fit in the back seat of his car, and Santos flew magically where he wished, landing at friends' estates in time for lunch which, as Winters points out, no longer had to be taken in a tree.

Then in 1908 Wilbur Wright came to Paris with an eye to selling his invention to the French government and began flying at Le Mans. Santos didn't bother to watch and never considered his record under threat. Everyone agreed that the Wrights were just commercially minded hayseeds whose alleged world's first heavier-than-air flight in 1903, three years before Santos's, lacked sufficient witnesses. Wilbur's personal lacks were graver still: he did not have "elegance and the esprit of Little Santos."

What finally brought down Santos was illness and his own fragile sensibilities. In 1909, aged 36, he was diagnosed as suffering from multiple sclerosis, bad enough; but with World War I he began blaming himself for the bombing of airships and airplanes. He burned all his papers and returned to Brazil.

Winters doesn't record his reaction, which must have been devastating, to the crash of Britain's R101 airship on its maiden voyage, though she does mention his tears when he had to turn down an invitation, because of ill health, to celebrate Lindbergh's triumph.

He petitioned the League of Nations unsuccessfully to ban aerial warfare and newspapers recording crashes had to be kept from him because he felt personally responsible.

In 1932 he heard the sound of dropping bombs during Brazil's civil war and could take it no longer. Choosing a tie of the sort he used to throw to cheering crowds, he used it to hang himself. There was a state funeral and in his honor the fighting ceased for two days.

Happily, he missed the Germans' tactical use of bombs during the Spanish Civil War and the horrors of carpet bombing in World War II. He left only a small estate, having spent most of his money on his inventions and on the thrilling notion that man could fly.

PEOPLE



Hoffman thanking Teri Garr.

THE First Lady of Song is now enshrined in Washington. Ella Fitzgerald has her own permanent exhibit at the National Museum of American History that shows samples from about 250 albums she made, many of her awards and sheet music, and her trademark two-piece red suit and pill box hat. A 17-minute video, which the museum plans to produce for sale, helps keep her music alive.

Thousands of teen-age fans turned out to see Leonardo DiCaprio and his co-stars at the London premiere of "The Man in the Iron Mask." DiCaprio took his grandmother to the show in Leicester Square and introduced her to Prince Charles, whose charity, The Prince's Trust, will benefit from the premiere. Despite rumors to the contrary, meanwhile, DiCaprio has no plans to attend

the Academy Awards in Los Angeles on Monday, his publicist says: "He doesn't want to take away from everybody else from 'Titanic' who is nominated." He wasn't.

Dustin Hoffman was honored by the American Museum of the Moving Image in New York City for his work as an actor. He was the 13th recipient of the museum's annual Salute.

A new biography of Prince Charles to be published in time for his 50th birthday in November will focus on his extra-marital affair with Camilla Parker Bowles. The Daily Mail reported Friday. The newspaper said Charles had given "tacit permission" for his friends to cooperate with the book's author, Penny Junor, who is also a friend.

Kennedys Buy at Sale

New York Times Service

NEW YORK — An immediate relative of John F. Kennedy Jr. and Caroline Kennedy bought two diaries and a photo album for \$51,000 at the auction of John F. Kennedy memorabilia, an official of Guernsey's auction house said. "They wanted to make sure that it stayed in the Kennedy family's hands," the official said.

The album, purchased for \$14,000, contained family photos from 1940 to 1944 and newspaper clippings about family members. The relative also bought a 1923 diary by Rose Kennedy, the matriarch of the Kennedy clan, for \$27,500, and a 1935-1936 diary by Kathleen Kennedy, Kennedy's sister, for \$10,000.

The purchases came on the final day of the controversial, two-day Kennedy auction, which concluded Thursday night with an unofficial total of \$10 million in sales, neither a disaster nor a record-breaker. Among other items, a pair of sunglasses sold for \$46,000 and a rocking chair sold for more than \$300,000. Roughly half the items sold came from the collection of Evelyn Lincoln, Kennedy's private secretary, whom the president's children criticized for hoarding dozens of personal items.



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Local Election

Gerhard Schröder, leader of the Social Democratic Party, won a decisive victory in the German federal election on Sunday, securing a majority of seats in the Bundestag.

The Social Democrats won 49 percent of the vote, a gain of 3 percentage points from the last election. Schröder's victory was seen as a mandate for his party to implement its platform of social reform and economic growth.

U.S. Global

Nicholas D. Kristof, a Pulitzer Prize-winning author and journalist, discussed the challenges of global development and the role of the United States in addressing poverty and inequality.

Kristof argued that the U.S. has a moral obligation to help the world's poor, particularly in the context of the Cold War and the ongoing struggle for human rights. He called for a more active and compassionate foreign policy.

He also discussed the importance of international cooperation and the need for a global perspective in addressing the world's most pressing issues. Kristof's insights provide a valuable framework for understanding the complexities of global development.